

JUSTICE: Making O.J. pay • GOLD: The plot thickens in Indonesia

CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

FEBRUARY 17, 1997

Some 'Recovery'!

**After the Liberals' first term,
we have less money
to spend**



\$3.50

07



78624-70001 8



HOW THE GAME OF ICE HOCKEY WAS INTRODUCED TO THE COUNTRY OF SOUTH AFRICA.

Calgary International Airport. 3:00 p.m.

The saga began

South Africa, sixteen airline tickets and sixteen tiny hearts set on winning their international hockey tournament in Copenhagen. Little did I know, the stiffest competition would

be Murphy's Law.

Copenhagen. 6:00 a.m.

"Our luggage is delayed?" I asked. "It's arriving tomorrow."

CIBC

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"South Africa," the airport clerk explained politely when again I never thought I'd need half the added benefits. "Tonight's game isn't in South Africa." I walked through that came with my Visa Gold card. I guess the best defense clenched teeth.

Lars' Sporting Goods. 8:00 p.m.

I was breathing a sigh of relief, young forever, or Racket as he

Needless to say, the shopkeeper was passionately pleased, tagged on my coat tails.



surprised to see an entire hockey team being outfitted with brand new equipment. But be

our deal older compared with my little guys who rifled

through the new gear like it was birthday all around. At J

watched them I thanked my lucky stars for Visa Gold card's point. I called up the Visa Gold hotline and they gave me a

purchasing power I never thought I'd have to use it, but list of English speaking doctors Racket got his inhaler re-

filled and we headed for the rink.

Copenhagen Sports Arena. 6:00 p.m.

As the kids took to the ice and I recovered the few remaining price tags from their helmets, I celebrated our first victory – we had beaten old Murphy. And the first star of the game, in previous trials, was definitely my Visa Gold card. But then again, I guess that's why they say "it's the only card you need."

Dr. Johnson's Office. 2:00 p.m.

It seemed that Racket's asthma inhaler refill was strategically stored in his hockey bag which, of course, was somewhere over Algers at this

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CANADA'S WEEKLY NEWSMAGAZINE

This Week

FEBRUARY 17, 1997 VOL. 110 NO. 2

Departments

EDITORIAL 4

LETTERS 6

OPENING NOTES/MESSAGE 12

MONEYCOUNTER 14

CANADA 26

Alberta Premier Ralph Klein makes an election. Newfoundland's new premier takes office. Parliament has its work cut out for it.

WORLD 30

Serious President Slobodan Milošević grants the protesters' long delayed, a week previous to a heat in a Moscow murder scandal. Cuban exiles send Castro a message. Canadian deportees fuel fuel. Jamaica's crime rate.

BUSINESS 32

BC government is lobbying the province for a tax on breast-feeding beer stores.

MEDIA 30

SPORTS 44 Canadian figure-skating slumps, athletes win big at the Soviet Olympics.

TECHNOLOGY 48

Intel unveils a fast, new chip called MMX for the home computer market.

HEALTH MONITOR 70

Drug patent holder Pfizer Under review, until human donations, testing a fat diet. BC measles outbreak, a new HIV test.

PEOPLE 71

FRILLS 72 Chris Evertson rules high, Hollywood says on the low, movies from Russia and the Czech Republic feature dissolved heroes.

BOOKS 75

An author conjures up a time when Montreal was Canada's only interesting city.

Columns

BATMANS ARROW 81

DIRKINE MURKIN 86

PETER C. NEWHAM 87

ALAN FOTHERINGHAM 76

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Cover

14 Some 'recovery'!

Governments are slashing budgets to the bone, take-home pay is in a tailspin, and the poor are getting poorer. Overall, individuals are worse off than they were in 1995. But Canadians surely want to believe that good times are about to blossom.



Features

52

Gold: the plot thickens

Gregory Charon and other shareholders in Brix-X Minerals Ltd. want Barrick Gold Corp. to buy out of the world's biggest gold and



60

The new Cosmo girl

Canadian Boomer Fuller is re-inventing the icon of femininity that magazine editor Helen Gurley Brown made one of the most powerful in the world.



30

Making O.J. pay

The jury in O.J. Simpson's civil trial slaps him with a multimillion-dollar penalty for wrongful death in the two murders he was acquitted of.

From The Editor

The good times are back

When David O'Brien goes to work in the morning, he is one of the few executives in the world who, literally, looks down on the key parts of his sprawling empire. To the west from his headquarters—new 18th-floor suite in gleaming Flawless Hall in Calgary, the president of Canadian Pacific Ltd. can see the tracks heading out of town towards the Rockies and the Port of Vancouver. Another vista opens up on the sleek tower of the newly headquarters of giant Pan Canadian Petroleum Ltd. To the east is The Palliser, part of CP's vast hotel chain and, beyond, Fording Coal Ltd. "The only thing that isn't there," O'Brien says with a chuckle, "is the shipping company."

Not even the CEO of CP can arrange to move sheep through a Prairie town, although he did move CP's historic Montreal head office, along with the railway company, to Calgary last year. O'Brien insists that the upstart simply plants the company's roots where they grow strongest, in Western Canada. But that a Montrealer now heads up the very symbol of Canadian capitalism—in Calgary—signals volumes for the shifting balance in the Canadian economy. The West is now long and Canadians are at the center of the action.

The upshot must be evident in most places and sectors of the city or the edge of the feasibility—indeed throughout a province that can fairly boast that spending is under control and the debt is being paid off because of budget surpluses. The oil and gas industry is thriving, with confidence. The city's unemployment rate is now the lowest of



any major city in the country at 6.5 per cent, compared with the national average of 9.7. Residential construction is roaring, fuelled by \$38.6 million in new permits issued last month, a 680-million increase over January a year ago. Calgarians are very fond using the obvious terms—"boom"—as strong are the horrible memories of bust in the early 1980s that brought the town to its knees, but by any other name, the good times are back in Calgary. Volunteers are preparing for this summer's world games for police and firefighters and hoping to renew the spirit of the 1988 Olympics with a world's fair in 2005. The restaurants and bars are full. There are even reliable terms of the old free-spiritedness: a Calgary company did a frank business before Christmas putting company logos on heated waists at \$75 for a brief set of red and white.

Yet all is not rosy. Alberta Premier Ralph Klein, who is poised to call an election any day—a vote he seems destined to win handily—is on the defensive about massive cuts to health care and education (page 24). Turfion has us on the rise at Alberta's universities, and the wait in emergency for scarce hospital beds can be up to seven hours. The much-promised home-care alternative is spotty and the waiting lists for nursing homes are running up to year. Alberta clearly has an economic advantage. But Klein's challenge, as he put it last week, "is to leave behind."

Robert Lewis



Newsroom Notes:

The economy

As every Canadian knows, keeping to a schedule in winter is easier said than done. On the day that Assistant Managing Editor Ross Lover and Contributing Editor Mary Janigan flew from Toronto to Ottawa to interview Finance Minister Paul Martin, the weather was playing havoc with airline schedules. They finally arrived in the capital two hours late for their rendezvous with the

minister. But his staff hurriedly set a new appointment for 8:30 p.m. As that session wrapped up at 10, two senior aides entered the minister's office with a thick sheet of budget documents for his attention. The minister's work, it turned out, was far from finished.

As a prelude to Martin's Feb. 18 budget, Janigan's cover story examines why so many Canadians are taking home less money than they did in 1993 (page 14). National Business Correspondent Johnnie Wells explores where the Canadian economy is heading (page 22). In the longer term, the experts predict encouraging signs for jobs and incomes.



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The Prototype



The Finished Article

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EDITORIAL UPDATE

The Maclean's Guide to Universities

Maclean's Guide to Universities '97 is the definitive guide to Canadian universities. It features comprehensive, colorful profiles of more than 60 universities, the Maclean's university rankings and Campus Confidential, where students tell us what makes their schools best—and what fails them off. It features a guide to the hottest hangsouts (the most popular profs), and the latest scoop on What's Hot and What's Not, and What's New. Also included is a Financial Planner and the Career File—where students can pack up parents on how to prepare for a changing job market.

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Opening Notes

Edited by BARBARA WICKENS

Parchment with a purpose

For the first time in its 325-year history, the charter to which King Charles II affixed his royal seal on May 2, 1670, creating the Hudson's Bay Company, is being scientifically analyzed. Since early January, a team of Canadian Heritage's Canadian Conservation Institute in Ottawa has been examining the dark brown calligraphy on crumpled-colored parchment for signs of deterioration. The team is also hoping to determine which seal was used to make it. Given the charter's history—it has bounced from Windsor Castle to the former Hudson's Bay headquarters in London and finally to the company's present location in Toronto—the document is "unusually good condition," says institution director general Bill Peters. And he would like to keep it that way, given its historical significance to creating the company's trading zone in Rupert's Land, which now comprises most of Canada. Once tests are completed this week, the document will be placed in a specially made hermetically sealed case and returned to Toronto. "To my knowledge," says Hudson's Bay vice-president Brian Grace, "we are the oldest organization that is still in existence operating under its original charter."



Scientists at Ottawa's Conservation Institute: closer

A lift from the bunny

Despite a few changes I made at finding the identity, Playboy readers in Quebec undoubtedly recognized the distinctive cable car logo and tried design of the Mont-Sainte-Anne ski resort portrayed in one of the first



magazine's cartoons. It was the creation of Doug Seppi, a free-lance cartoonist from Orillia, Ont., who has been a contributor to Playboy since 1984. Word of the cartoon spread quickly among both sisters and the mountain's 500-plus employees, and made headlines in Quebec City 50 km to the west. For the ski re-

sort's direction, the local coverage—and the magazine's portrayal—in a magazine with a North American-wide circulation of three million—has been a marketing bonanza, "he says general manager Guy Desrochers. "But the whole thing is really quite amazing. It's given many of our male employees a good excuse to go out and buy the magazine."

being held Feb. 18 and 19 in Vancouver expect about 2,000 business people to attend. The conference has also attracted big-name speakers, including the Bank of Montreal, the Canadian Pulp and Paper Association and the B.C. Ministry of Agriculture. It is all a sign of the times, says organiser Solos Petropoulos. "Business is business and now that industry is finally beginning to see the benefits of hemp, it will come out of that dark, shady area where it's been living."

saturation a hemp running shoe last year. There is even a non-tetra hemp cheese substitute. And though Bill C-6, which Parliament passed last June to recognize that mature hemp plants should no longer be declared a controlled substance, will not take effect before 1998, Canadians are beginning to recognize hemp's lucrative potential. The organizers of the Commercial & Industrial Hemp Symposium:

Hemp's intoxicating possibilities

The word "hemp" may cause shudders in some smoky quarters, but in other circles, particularly in Eastern Europe and the Far East, hemp is the sound of cash registers ringing. That is because the versatile plant—essentially without the psychoactive ingredient—has been put in \$105-million worth of legal uses. Both Fibreco America and Ralph Lauren sell suits made of hemp, while Atriaus

MP slinging match

WORD FOR WORD

Until last week, Reform MP Darrel Stewart (Ottawa-South/Sainte-Foy) and Liberal Jim Gauthier (Stephenville Central) were singing the

trio of largely remote backwaters. But when Stewart responded under the heckling prompted by his Commons speech as early yesterday as prime minister. The resulting altercation made both him and Gauthier instantly notorious. And Reform Leader Preston Manning, who has grown weary trying to dampen suggestions that his party is extreme, promised to take the broad to the narrow. Although MPs are immune from legal action for anything said inside the House, Manning claimed that Gauthier slandered Stewart and the party

by referring to the charge "saints" outside the Commons—a charge the Greenleaf Caesar Award. Still, Gauthier has hired a lawyer to determine whether legal action can be taken. Some excerpts of the Stewart-Gauthier exchange:



Gauthier: Stewart (right) instantly notorious

Stewart: I have been branded a cold-hearted reprobate over that question. An honest member, I comment. Gauthier: Sure, it is in the media who worry about the term. But in this country it is extremists who worry about it. It is individuals and the safety of my neighbor. It is a concern for this. That is right, you keep that up. That is what you call extremism. Stewart: On you. I hope your parents give you a blessing when you get home. That is all I can say. You have no more thought for them. Gauthier: Facial.

Stewart: I know the word "vagabond" from that side. Do you have the farmland or the grounds to stand up and come across here and say that to me, you son of a bitch? Come on.

Speaker: Order.

Stewart: I will not have some asshole call me a n---.

Speaker: Order please.

Stewart: (Referring to take off his jacket) Let's go, right now.

BEST-SELLERS

FICTION

1. *Iron Man*, Steve Jobs (1)
2. *White Heat*, Michael Arden (2)
3. *Fat on the Inside*, Joanne McPhee (3)
4. *One Day in the Life of Ivan Denisovich* (3)
5. *Death of a Salesman*, Freddie Dennis (3)
6. *The Best of Times*, Jim Cawley (3)
7. *The West Bank*, Dennis Foley (3)
8. *Rebels*, Michael Crichton (3)
9. *Last Rights*, Graham Swift (3)

NONFICTION

1. *Rock & Roll: Sound and Fury* (3)
2. *Small Business* (3)
3. *Grey Nomads*, Ruthie Gledhill (3)
4. *200 Little Books*, Michael Adams (3)
5. *Parent Trap*, Gillian Clarke (3)
6. *The Inbetweeners*, Anthony Horowitz (3)
7. *Angry in America*, Frank McGee (3)
8. *My Big Fat Greek Wedding* (3)
9. *Big Book*, William Styron (3)
10. *Memory of Reading*, Helen Haagel (3)

1. *Iron Man* was adapted by three authors.

Mia dishes the dirt



1. *What I Like About You*, writer Mia Farrow, 51, mother of 14 children, writes about her career and her marriage to Frank Sinatra and André Previn. But most readers will be interested in her comments on celestials.

2. *Parole*

Woodly Allen, her longtime partner with whom she had a highly publicized breakup in 1982.

Alberta gas pains

It is an expensive proposition: the cost could be anywhere from \$5,000 to more than \$700,000 to clean up the soil around a single gas station contaminated by gas or diesel fuel leaking from old piping underground storage tanks. According to an Alberta government, it can cost up to \$100 to address the issue, there are an estimated 1,200 fuel tanks across the province that likely leaked or might require remediation in the future. The liquid petroleum contaminates the soil and can leach into wells, water or city sewers. Industry has already cleaned up many locations. But some small operators have abandoned their properties. Next month, the committee, which includes Lee LaFerche, St. Paul MLA Paul Lepine, is expected to propose a plan that includes some provincial government funding for owners with clean-up costs. It accepted, it would likely be the first initiative of its kind in the country. "We don't come in with some kind of a program," LeFerche says, "many of these small operators will just walk away from their sites."

Passages



DEB The U.S. ambassador to France, **Frances Fisher**, 75, a往日的女演员，她最近在帮助重建民主党的工作，她经历了失去丈夫、遭受性侵、以及在一次滑雪事故中受伤。

antecedent family in England, gained a reputation for captaining some of the world's richest men. She married **Ronald Churchill** in 1939, and when he was away fighting during the Second World War, she served as a nurse for his father, the prime minister **Winston Churchill**. After they divorced, Hemmings lived in Paris, where she had a number of well-publicized romances. In 1960 she married Broadway producer **Levi Heywood**. After his death in 1971, she married **Arnold Hemmings**, heir to the Union Pacific Railway fortune and a long-time adviser to Democratic presidents. During the Reagan years, her fund-raising activities and political acumen helped keep the Democratic party alive. Hemmings was one of the early backers of **Bill Clinton**, and after he was elected president in 1992 he named her ambassador. Despite criticism about political偏见, Hemmings was considered a success in her four years as a diplomat.

DEB **Isis Ross**, 78, who made **Butcher**, a world renowned attraction, in Victoria, Ross was given the gavel for his 21st birthday by the organization. **Amy** and **Robert Butcher**, who married it on Saint Lucia in 1954.

GRANTED! To figure skater **Deborah Buttle**, 19, the Olympic gold medallist who was charged with drunk driving after her Mercedes skidded off the road in January 1993. A perfect, a bit pregnant, which included her starting an anti-drunk driving advertising campaign aimed at teenagers.

INDUCTED! Into the **International Brotherhood of Magicians Hall of Fame**, **Irene Redfield**, 61, an actor who has been a stalwart of the **Sochi Festival** for nearly 25 years.

AWARDED! To retired air commander **Lenard Marshall**, 81, of Burlington, Ont., the fifth class of the Canadian Forces Decoration, the first time the award has been won since it was created in 1972 to recognize meritorious service and devotion to duty.

SOME 'RECOVERY'!

MONEY COVER

BY MARY JANIGAN

Sure, Jeff Telford expected that the budget-cutters would snap away his job. What else could he think when, for two months, his employer had been offering free courses in career searching, financial planning and resume writing? Even so, after six years, Telford found it wrenching to open his Ontario government layoff notice in late November. His job had been to search out low-cost construction materials for highway repairs. Now he is hunting for work as a computer consultant while worrying about how he will support his 13-month-old daughter, Holly, and his wife, Kim, who works part time as a babysitter. "You go through every emotion, the shock, the fear that you can't provide for your family, the realization that you have lost your benefits, the encouragement of a new career," says the 38-year-old Telford. "There have been a lot of tough nights."

So let us raise the question that the federal Liberals probably will not venture to pose in the next election: are you better off today than you were when they won office as Oct. 31, 1989? Given his plight, Telford's answer is probably starting. In October, 1990, newly married, secure in his job, he was unapologetically better off than he is today. "But the country is better off today than it was then," he sighs. "The economy is tattered around Telford rates are down. I don't blame the Ontario government for the cuts. They had to be made. At least it's better to be laid off than it was then because the opportunities are out there now."

That dolorous declaration of huge hardships is the mood of many Canadians today. Individually, they are probably worse off than they were in October, 1989. After adjusting for inflation, workers have less disposable income than they had then. The gap between high-income earners and low-income earners has widened. Strapped for cash, Canadians are saving a much smaller slice of their incomes: 5.1 per cent of after-tax income in the third quarter of 1990, compared with 5.2 per cent at the same time in 1989. The percentage of the working-age population that has jobs or is looking for work has decreased, to a large extent because many Canadians have given up hope. And everywhere, governments are purging vital programs. "I am paying more taxes today for much less services," asserts Janice Masher, who runs a half-drugging company



in Lunenburg, N.S. "Look at health care. Look at education."

Yet many Canadians are convinced that the country is on the cusp of better days. By the year 2000, after more than a decade of spending cuts and tax increases, all federal and provincial deficits should be eliminated, provided that the economy and its leaders stay the course. Inflation appears to

have been tamed. Marriage rates are hovering near their lowest level in a generation. The Organisation for Economic Co-operation and Development in Paris predicts that this year, Canada and the United Kingdom will have the fastest-growing economies among the Group of Seven leading industrial nations. The OECD also forecasts that unemployment will decline to 6.1 per cent, which compares poorly with the United States' 5.4 per cent, but is comfortably below Germany's 9.4 per cent, Italy's 12.8 per cent and France's 12.5 per cent. "The

negative on the Canadian scene is the stubborn unemployment rate," says OECD president Donald Johnson. "But the general appreciation of the Canadian economy is positive internationally. Canada's prospects are excellent."

One by one, economic indicators are picking up. Housing

starts are rebounding after a three-year decline. Retail sales are picking up after a lousy Christmas. The Royal Bank of Canada predicts that workers' real disposable income and living standards will finally increase—although they will still lag behind 1989 levels. In a survey last November, the 87,000-member Canadian Federation of Independent Business found

that almost half of its respondents expected that they would experience stronger growth in 1990. Across the land, there are stirrings of economic activity—brown, inferior waves of optimism. "Jobs are in the pipeline and will come over the next 12 to 18 months," asserts John McCollum, chief economist at the Royal. "The domestic economy is finally poised for takeoff," adds Neale Burns fast, chief economist Sherry Cooper.

But while Canadians are slowly regaining their incomes, they face a far more precarious world. A growing national economy no longer guarantees security in work or wealth. One in three respondents tells Liberal party pollster Michael Morash, chairman of Toronto-based POLLARA, that they expect they or a member of their fa-

You go through
every emotion.
There have
been a lot of
tough nights.

Telford with wife Kim and daughter
Holly; shock and fear



Canadians
dearly want
to believe the
good times
are back

not blame the Liberals for their predicament, since they—like the unemployed Telifer—believe that it was necessary to rest in the deficit. "First, optimism went down, but then the resistance to the thought of the dollar went up," Marilou says. "Now, we are actually seeing the results of that resistance. People don't realize things have to happen as a result of the government's inaction."

Of all the areas that voters will crave from government, perhaps the most important is increased security. Look around almost every government service—from Employment Insurance to funding for the Canadian Broadcasting Corp.—has eroded since the Liberals came to power. Cutbacks in federal transfers to the provinces for health, postsecondary education and social assistance have touched almost everyone. Hospitals are closing—and the list of medical services covered by public health insurance is shrinking. University tuition fees have increased. According to the National Anti-Poverty Organization, every province has cut welfare payments, pared special benefits or tightened welfare regulations. "When you have a massive withdrawal of money, you are going to be worse off in terms of services," asserts Stern. Telifer, vice-president of the Canadian Institute of Social Policy, "These are quality-of-life factors that are very important when you ask if you are better off."

Voters can feel the strain in their pocketbooks. Personal incomes have eroded. In 1995, Canadian workers had an average disposable income, after taxes, of \$37,787. Last year, adjusting for inflation, that figure was down by \$1,108 to \$36,679. Although basic federal tax rates have not changed, conditions have been "tinkered with" to the brink of revolt. Tax exemptions have dwindled. Deductions for meals and entertainment expenses dropped to 50 per cent from 80. Employer-paid premiums on the first \$25,000 of life insurance became taxable benefits. The lifetime \$100,000 exemption on capital gains disappeared. For the vast majority of middle-income earners could even come close to educating it.

Consider just a few of the user fees that have risen or been imposed for the first time. The air transportation tax on overseas flights went up. Ottawa imposed an immigration fee of \$975 per adult. Fees are for food and meat inspection, the use of national parks, drug approvals, fisheries inspection, fishing licenses and marine services. Nova Scotia's Minister of Parks, Sport and Tourism, Dennis MacEachern, says he has a new \$200-\$300 annual fee for his share of the scallop harvest. "I applied their rules to get their deficit under control, but it was difficult for us," he says. Explains David Perry, senior research associate at the Canadian Tax Foundation: "Probably every body pays over higher user fees in one way or another, even if they just brought mother over from Europe and took her camping in the park."

Most worrisome, it appears that the gap between high- and low-income earners is widening. Statistics Canada recently reported that low-income families rose from 17.1 per cent of the population in 1994 to 17.8 per cent in 2000. Although more recent information

is not available, Queen's University economist Charles Beach, an expert in income-distribution patterns, believes that the poor are probably getting poorer because their earnings are stagnant. Since federal payments to the provinces and to individuals have also declined, there is not as much government money to compensate for that short fall," he says. "So when the government cuts back on social security programs, that reduces the buffer against inequality."

If Beach is correct, one consequence may be increasingly strained relations among social classes. "By the time I pay my bills, it's going to be the groceries—maybe because I feel so deadened, because I'm old, because I'm every penny accounted for," says Dorothy Liddicoat, a single mother who lives on social assistance in Victoria, with five-year-old Isabella. "But I see wealthier people spending what seems to be a ridiculous fortune on a car."

After the five years on welfare and two training courses



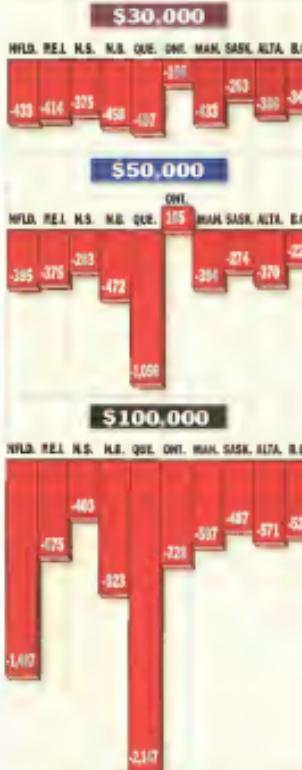
PHOTO: GUY DUBUC

in office work, Liddicoat is desperate for a job. Just about any job she finds is part-time, her clothes, which were purchased secondhand, are as patched as those of a Victorian orphan. She wears the single leggins from her set of pantyhose under a long skirt because she does not own an underskirt. She and Isabella walk almost everywhere because she cannot afford \$2.50 for the bus. She understands that middle-income taxpayers feel taxed to the limit, too remiss and too frugal to give any more. "But if I don't understand how they live on what seems like a fortune, they don't understand what it's like for poor people," she says. "You spend your last \$5 to copy your resume and a few cents before you send a rejection letter."

The Liberals have a ready, if painful, answer to such complaints. In the coming election campaign, they will argue that Canadian living standards would be far worse today if they had done nothing yesterday. When they took office, the 1993-1994 federal deficit was rising towards \$45 billion. Left unchecked, interest payments on the debt would have eventually gobblied almost every penny of re-

THAT SINKING FEELING

A almost every income level, in every province, Canadian workers take home less money in 1997 than they did in 1993, after allowing for inflation. The figures below, supplied by David Perry, senior research associate to the Canadian Tax Foundation, show the net change in real after-tax income since the Liberals were elected for a single person with no dependents who, in 1993, had a gross income of either \$30,000, \$50,000 or \$100,000. (All figures are in 1993 dollars.)



I don't have faith in politicians. You have to rely on yourself.'

Photo: Ken Dryden has expanded, but life is still not easy

times. Today, most economists predict that Finance Minister Paul Martin will easily undershoot his 1996-1997 deficit target of \$34.5 billion by about \$5 billion. Perhaps more significant, the federal debt is now actually starting to decline in relation to the size of the economy—after a generation of non-constant growth. "What we started to do in 1993, previous governments should have started much, much earlier, and it would have been a half of a lot easier," Martin told Maclean's. "But today, I don't think of another country that is as well positioned as we are. It gets better with every year."

The finance minister bases much of his optimism on one key indicator: lower interest rates. The Bank of Canada's benchmark lending rate now stands at 3.25 per cent—compared with 4.63 when the Liberals were elected. The prime rate—the rate from which most consumer loans and car mortgages are calculated—is now 4.75 per cent, down one per cent from October, 1993. To Ottawa, these figures represent the pulse of economic revival.

It is four years since Toronto public relations assistant Ann Gismondi first put her home on the market—and then withdrew it from the market when nobody bid. Last November, she and her husband, Charles, nervously tried again, and their easy weekend house sold within three weeks. Now, she is hunting for a larger house on a larger lot in new by Mississauga. "It's a low interest rate," she says simply. "That price bought my house because the rates are down. And low rates mean that I can buy a better house and my monthly payments will still be lower."

The cumulative effect of such decisions is massive. David Rosenberg, senior economist at Scotia Bank Inc., estimates that Canadians borrowed about \$30 billion in five-year mortgages during the first half of 1992, at rates of approximately 10 per cent. As they renew those mortgages, as they renew consumer and business



lous, their *monthly* payments will decline sharply. "There will be a tremendous, tremendous boom to those households from those lower monthly payments," says Macmillan. "I estimate conservatively that the savings to borrowers are going to be \$4 billion over 1995, as long as rates decline continually."

Consumers, to put it mildly, could use a break. Saving less, borrowing more, some have been unable to keep their heads above water. There were 8,882 consumer and business bankruptcies in October, 1990, 18 per cent more than in October, 1989. The retail industry has been reeling, but Peter Woolford, senior vice-president of the 6,500-member Retail Council of Canada, says that consumers "will spend a little more freely this year as they start to feel better." He takes comfort from the fact that sales of furnishings and appliances usually pick up within six to nine months of the housing market. Nevertheless, he adds, "The consumer is still very cautious. In today's low-inflation environment, consumers feel that if they don't buy it today, it may even be on sale tomorrow."

That guarded optimism is spilling down to the mall level. Bruce Trepel, the president of Winnipeg-based Ben Moss Jewellers Ltd., plans to open four more stores in Ontario and Western Canada this year—he already has 35—and bolster his staff of 300 employees by about 30 people. Trepel has survived the retail shakeout because he knows his market: middle-income consumers who shop in regional malls. He made money in 1990 because "people are always going to get married and have their things and celebrate Christmas." But he expects to do even better in 1991. "Consumers are still very frightened. But with low interest rates, people will have more money—and their average purchases will be higher."

In many cases, Canadians are also getting more value for their money. University of Regina economist Chris Neel, an expert in consumer patterns, points out that today's consumers, for example, offer more features at a lower price than those of 1989. And while car prices have risen, current models are also better-built and offer a wider array of safety features. "Consumers, though perhaps earning less and spending less, have available to them labour-saving devices, entertainment equipment and household goods such as VCRs on a scale never before realized," notes Neel.

Canadians, not surprisingly, tend to connect their quality of life with their economic well-being. In a poll released last December, the Angus Reid Group reported that 55 per cent of respondents were very satisfied with their lives—and 26 per cent believed that their lives had improved over the past six months. While Canadians took

the greatest satisfaction from their families and relationships, they acknowledged that the state of their pocketbooks was the most important influence on their contentment. And only 20 per cent were very satisfied with the amount of money they had left after expenses. "What is really driving the quality of life, what has the biggest impact, are economic concerns: monetary savings, short-term savings, disposable income," says Angus Reid vice-president Nadia Lucy.

That suggests that the economy must keep improving if the Liberals hope to retain their healthy majority in the next election. Conservative Leader Jean Charest intends to base his campaign on the assertion that Canadians are definitely *not* better off than they were in 1993. The unemployment rate was 9.7 per cent in January—the 78th consecutive month that it has been above nine per cent. "The Liberals are on the issue of jobs," Charest says. "But for the first time, we may have a generation of young Canadians who have a lower standard of living than their parents. Canadians are slipping badly." In response, Liberal strategists are scrambling for ways to shore up that elusive notion of security. As Martin told Maclean's, "The role of government ought to be to make sure that it is possible for people who are living in this very as secure time to set aside the savings required for retreating at various stages in their lives or for their kids."

But Martin's message may be a hard sell. Jo-Anne Ross, 37, has owned and operated her Market at Mahone Bay on the clearing Nova Scotia coast since 1981. With its deli, its bedding plants and its fancy foods, it is a six-month seasonal business, dependent on the tides of tourists. Compared with 1993, sales and profits have increased. She has expanded twice, adding ice-cream and rotisserie na chaises and doubling her 1400 square feet. After paying her basic bills, she has about \$20,000 left over for the winter to buy food, but her bank has run her ragged.

Ask her if she is satisfied and her answer is no. "I know that I am better off than most," she says. "I only work six months of the year. Some years, I go to Mexico is my off time. But I want to make more money. I want to drive a nice car. I only have \$10,000 saved for my retirement." She maintains that the federal government has done little to help—it is the local business association that has attracted the tourists, largely with its own money. But then, she works and expects nothing from Ottawa. "I don't have a lot of faith in politicians," she says. "You have to rely on yourself." That is the stark lesson that many Canadians have learned in the 1990s. They must decide for themselves if it is a change for the better.



Macmillan puts shore widespread insecurity



Source: Statistics Canada

If she's got people talking,



she's on WTN.

Jane Hawtin Live. Weekdays.

Hot interviews. And heated ones. Celebrities, controversies, and viewers' calls. It's informative. It's lively. It's live! Check local listings for times.

Sarah Assaadurieh went to a lot of trouble to check his job as a Liberal MP—and he wants to keep it. As the federal candidate in a northern Toronto riding in 1988, he lost by 600 votes. In 1993, he can again and win, only to learn that his riding was about to evaporate because of boundary changes in the coming election. Today he is the Liberal candidate in Etobicoke Centre, a sprawling community northwest of Toronto where he has few roots. So, does he feel a need to popularize tax cuts to win the hearts of these middle-class, blue-collar voters? "No, really no," says Assaadurieh. "They are determined we just can't afford our deficit fighting. Any extra cash should go to low-income families. Middle-income earners will be pleased because they want to see a new deficit."

Such accommodators are sweet music to Finance Minister Paul Martin. After three years of fiscal tough love, Ottawa will likely undercut this year's deficit target of \$83.3 billion by \$3 billion. Just about everyone has an opinion on what Martin should do with the windfall. Parliament, the pressure to lower some taxes, any taxes, is steady—but not overwhelming. Party strategists are keeping a wary eye on the popularity of the Reform party and the Conservatives—but propose substantial tax breaks—and on the financial health of the five provinces that have cut taxes since 1986. The economic pressure is for fiscal complicity, because experts are divided about the benefits of cuts and the set of taxes that should be cut. "The Canadian public was gradually educated to the fiscal crisis," says David Ferry of the Canadian Tax Foundation. "Now, the public is not about to say, 'We want the cuts off all the time.'

The finance minister is adamantly about his own timetable for tax relief: no major cuts until the deficit is licked. Martin told Maclean's that if he cuts taxes before the deficit disappears, federal ministers will conclude that his deficit-fighting determination is wavering. That would put pressure on the Bank of Canada to raise interest rates to back jittery investors.

His approach will change when the deficit is gone. At that point, the government will have to decide what to do about the accumulated debt, which now stands at \$390 billion. The answer, Martin says, is to ensure that the economy grows faster than the debt. "You can cut your way to deficit reduction," Martin said. "But you cannot cut your way to a decline in the debt-to-GDP [gross domestic product] ratio. You have got to build your economy up."

But the Liberals know they cannot afford to ignore the arguments in favor of income tax cuts—if only because their apparent promises of tax relief could catch fire with hard-gassed voters. The provinces have already cut taxes. In 1985, Saskatchewan sliced its deficit-reduction surtax by 50 per cent by 1989. Ontario will have reduced its base to 40.5 per cent of basic federal tax by



TAX CUTS, ANYONE?

Revenue Canada staff sorting through tax forms; five provinces have announced cuts

Ontario. British Columbia dropped its rate to 51.5 per cent on July 1, 1996, from 55.5. It will decline again to 50.5 per cent on July 1. That same day, Nova Scotia's rate will drop to 57.5 per cent from 59.5 per cent. And two months ago, New Brunswick announced a reduction over the next two years to 57.5 per cent of federal tax from 64. The five remaining provinces are edging towards relief at different paces. Quebec is unlikely to cut taxes until it balances its books, perhaps by the turn of the century. Alberta will probably offer tax breaks in its 1997-1998 budget. Manitoba, Newfoundland and Prince Edward Island may also reduce their rates.

The economic debate that tax relief leaves spiraling. The push for across-the-board cuts took off last fall when Bay Street economist Jeffrey Rubin, a vice-president of CIBC Wood Gundy Securities Inc., called for a 54-billion tax cut to prop up his colleague spending. The Certified General Accountants Association of Canada has also advocated a \$6-billion cut, arguing that Martin should not implicitly rely on lower interest rates to put money in consumers' pockets. "To put all our [policy] eggs in the interest rate basket may not be the best long-run strategy," it noted.

Many other analysts believe it's more important to generate low interest rates than to cut a modest income tax break. "Give 'em anything on the fiscal side and it would use those rates to bring us, we would start to run more than we create," warns David Bank of Canada chief economist John McCallum. University of Toronto economist Peter Dagan says he favors a reduction in Employment Insurance premiums. "But if they give the impression that they are going up on the deficit target, they could get hammered by the financial markets," he says. "They are on a fine line."

MARY JANNIGAN

NO QUICK FIXES

Finance Minister Paul Martin quits in Ottawa after recently anti-Maclean's Conference Editor Story, largely and Assistant Managing Editor Maxine Kavoussi.

Maclean's, *Are Canadians better off now than when your party took office in 1993?* Martin: Absolutely. First of all, if you were the average taxpayer then, you had just come off virtually a decade-long string of rate increases. What you have seen since the last three years is a rate cut increase. Second, you had just come off a period in which your disposable incomes declined. Over the past three years, your disposable income has stabilized. What taxpayers are asking is: Is there more money going to jobs today? Very clearly, the education and health care rates are in constant decline. Whether you are buying a new car or a refrigerator, you have seen in your groceries today than a year ago. If you're rolling over your mortgage, you are in a much better situation.

Maclean's: What about the 3.5 million Canadian souls don't have jobs?

Martin: The fact is that the unemployment rate has come down—not nearly as much as one would have wanted, but it has come down. Virtually every economist in the country will tell you that we are going to have very strong job creation in the year ahead, so you have a far greater expectation of getting a job. Obviously, that is going to give a great deal of hope. But there is no doubt that the single most important problem of our society—Western society, not just Canadian—is the failure of governments over the past 20 years to develop decent [employment] adjustment policies. That has meant that we have a very stubborn unemployment rate.

Maclean's: *More economists believe that unemployment will remain high for several more years. Does that worry you?*

Martin: I worry about it. Everybody is worried about it. But I have not had a lot of pressure for each issue from caucus. People understand that we are going through a period of transition. If you go back to 1972 or 1973, what you see after every recession is a steadily increasing level of unemployment. What I believe now is that we have ended up in a new period that is much closer to the one from 1986 to 1993. Instead of steadily increasing increases in unemployment, we are going to see relatively decreases in unemployment. But it is going to be a very different kind of employment. It is going to involve much more self-employment. It is going to require

Markets: expecting a gradual decline in unemployment



“Very slowly, I think, there's a growing confidence”

specialization within the world market as opposed to generalization in a free-market. By definition, that carries a good deal of insecurity with it. It takes people a long time to adjust to that, and the role of government has got to be to have a heavily focused trade adjustment policy.

Maclean's: What sort of adjustment policy?

Maclean's: Government has got to provide the means for lifelong training. The tax system has got to facilitate change as opposed to inhibit change. And for those who find it difficult to survive change, there have to be income supports.

Maclean's: You are shrugging off the notion that market controls, now that these measures would work out?

Martin: No. I believe the unemployment rate is going to drop. We've come through 30 years of increasing unemployment. I think we're now looking at 20 years of decreasing unemployment because we are learning how to handle those problems better. The simple fact of seeing decreasing unemployment levels is going to build security. Also, this is a Canadian phenomenon. That is why you are going to see less insecurity in Canada than in any other industrial country outside of the United States, and quite conceivable including the United States. The fact that we are succeeding in the world economy, creating jobs in the New Economy, is going to breed a general feel of security in to our ability to handle the evolution of the economy. Where you are really going to see insecurity is in Europe. But in Canada, we are measuring up really well. Two years from now, you are going to find a very, very confident nation.

Maclean's: *Are you more or less bold in Maclean's?*

Martin: I think there is a lot of a disconnection today than a year ago. Look, all it takes is another big headline of another big company taking 2,000 people. But very slowly, I think, there's a growing confidence.

Maclean's: *There's also growing pressure for a tax cut.*

Martin: We will be reducing taxes. Let there be no doubt about that. But when you do a tax cut, you want it to be a permanent tax cut, not a temporary cut. We can today hold the probability of ongoing inflation for as far as you can see. We can today hold out the prospect of increasing productivity. The United States and ourselves are the only two countries that are consistently increasing productivity. Every single indicator out there is positive for us. And that is the greatest answer to this insecurity. You're right—it is taking a while for it to penetrate. But I really do believe that it is happening. □



Bushing sales at
Paliher Furniture in
Winnipeg, Canada

READY, SET, GROW

BY JENNIFER WELLS

Art DeFehr at the World Economic Forum in Davos, Switzerland, which he has attended for each of the past five years, is a bit of big thinking goes on in Davos, and DeFehr likes to be a part of it, picking up trends, ideas, currency movements, economic prognostications. Two years ago, listening to "everyone else's problems in the world" and assessing Canada's own economic prospects, DeFehr, a Winnipegger, figured his home country was getting in pretty good shape. "My feeling was that Canada was moving in the right direction," he says.

As was Paliher Furniture, the company DeFehr's father founded in Winnipeg in 1944. In 1980, he left Paliher, and throughout the furniture business for that matter, looked dire. Consumers, says DeFehr, had "voluntarily walked south," to more cheaply priced U.S. goods. Broken had put Canadian furniture companies on their "do-not-touch" list.

DeFehr set about reshaping the family firm. He rationalized. Instead of running product lines in three types of wood, he cut back to oak alone. He jettisoned dining-rooms, a line of business in

COVER

which he was not close to being competitive. He moved heavily into upholstered leather, "where no one had established pre-eminence and we could at least fight for a spot." He started up two new manufacturing facilities in the United States, where before the company had just one. "We were told by a lot of economists we had to move south," he says.

By the time DeFehr left Davos in 1995, he was running a much more nimble, much more focused business. But he was not happy with the spread of his U.S. manufacturing facilities, which made it tough to move management around quickly, and which, as DeFehr's new, only complicated product distribution. So he made a decision. He closed the two newer U.S. plants and moved those operations back to Winnipeg. This year, Paliher will hire 300 to 400 new workers to its city, at an average hourly wage of \$8.2 Corporate revenues have doubled since the gloom of 1990 to roughly \$305 million. Staffing has increased by 50 percent. Paliher is today Canada's leading manufacturer of leather furniture in Canada, it is fourth in the United States, the market that had once made Paliher seem so uncompetitive.

At long last, the domestic economy is getting in gear



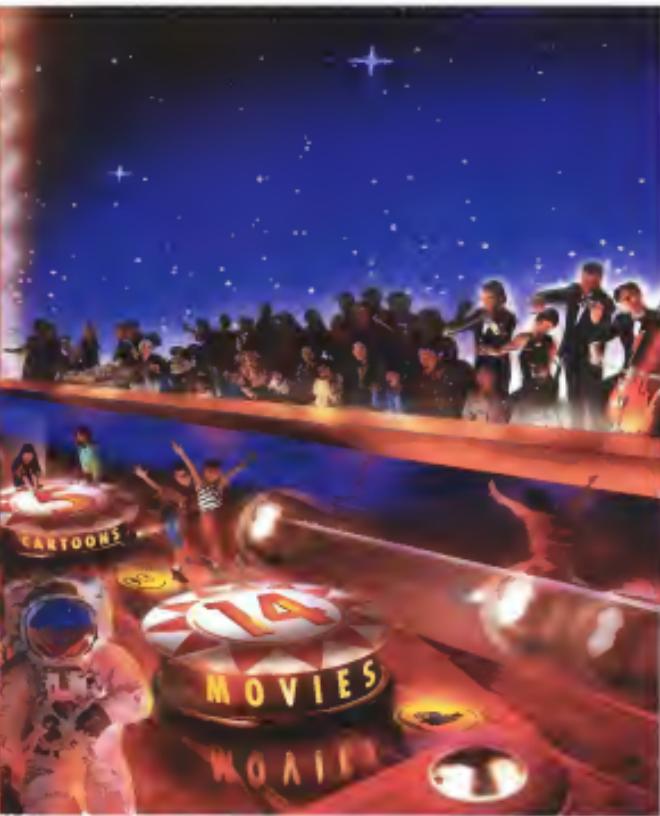
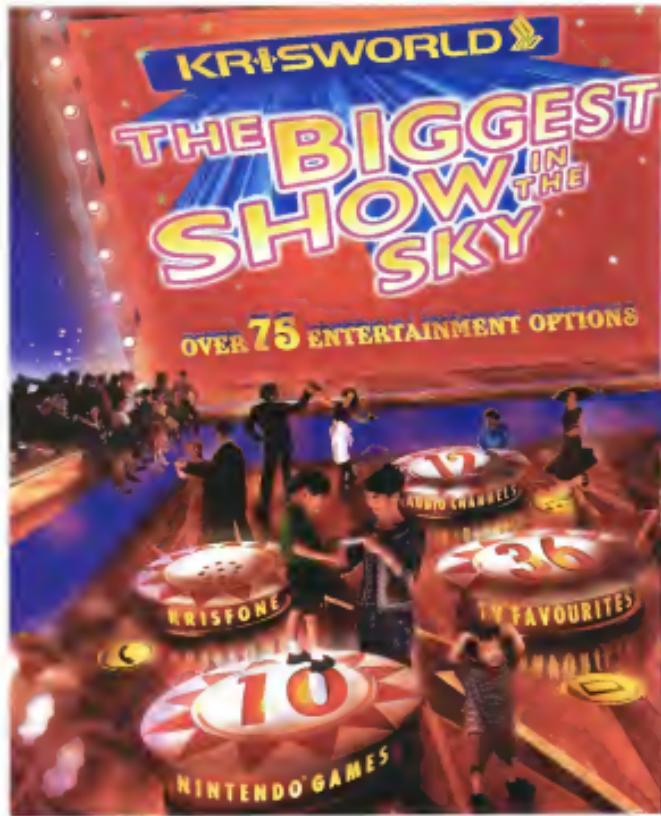
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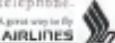
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Maclean's
WHAT MATTERS TO CANADIANS

Pilgrim's may be a small story, but it is an apt example of the comeback not only of the Canadian furniture industry, but of Canadian manufacturing—indeed a microcosm of how the economy has repositioned itself. Jayson Myers, chief economist with the Alliance of Manufacturers and Exporters Canada, says that between 1989 and 1992, almost 400,000 jobs were lost in Canadian manufacturing. So-called experts were the ones to smell—"these jobs are gone and they're not coming back," they all said. But like Pilgrim, myriad companies restructured, pared production costs, rationalized and invested in new technology—and thrived. The auto industry began its recovery. Plastic, rubber, textiles, electronics and furniture followed. All of manufacturing grew to \$400 billion in revenues last year from \$285 billion in 1989. In 1993, 125,000 new jobs were created, giving a long-awaited resounding the job growth lost in the last recession. Over the past two years, furniture has been the second-highest-growing manufacturing sector, with the dollar value of shipments increased by more than \$3.2 billion. As a Dow's lunch this year where the theme was the newly competitive Canada, for once Art DeFehr could say he was not hearing anything new.

But 50 per cent of Pilgrim's sales are in the United States, and that percentage has been steadily increasing as real furniture sales in Canada have remained below 1989 levels. To so many at home, with an unemployment rate of 9.7 per cent, the recovery does not feel like a recovery at all. "What is important to remember," says Paul Summerville, chief economist at RBC Dominion Securities, "is that strong job growth occurs much later in the economic cycle. Many people will recall America's so-called jobless recovery that now has the U.S. jobless rate threatening to fall below five per cent."

Can Canadians expect to ever see such strong unemployment numbers? Summerville says yes, but it will be a long journey, and along the way certain conditions must be met. "The key to strong job growth and enduring real wages is investment," he says, "because that creates the conditions for rising productivity, something that has been sadly lacking in this country for the past decade." But says Summerville, as investment-led recovery is only sustainable if it creates the sense of "local responsibility"—that is, the anti-deficit agenda—and if interest rates remain stable, and if the U.S. economy does not fall into a slump. If all of that happens, he says, "we would expect that Canada's unemployment rate will fall below five per cent." This does not sound like much. But this figure accommodates both the ongoing digestion of labor cuts in the public sector and the fate of Canadians coming back into the workforce as they seek job prospects improve.

Summerville's assessment echoes Ottawa's own expectations, including that of Finance Minister Paul Martin. There is nothing terribly inspirational about incremental change. Yet Canadians have experienced dramatic change, parado-

cially in the fall of interest rates. And that, says John McCollum, chief economist of the Royal Bank of Canada, will have a significant impact on the domestic economy. Not only do lower interest rates stimulate investment, but they will get Canadian consumers spending again, McCollum says. "To suddenly say, contrary to all these other countries and all these other years, that in Canada in 1997 they don't work any more, is extremely unlikely to be true," he says. He expects rising incomes and 700,000 net new jobs in the next two years, the net effect of the domestic economy kick-into growth as the export sector has already done.

There have already been some key vital signs. Consumer confidence levels are at 136.1, rising. Residential construction and brick new home sales fuel consumer spending on big-ticket items—stoves, bridges, Pilgrim coaches. Still, there are two rather large psychological barriers to consumer growth. Be it a rise. Fear of job loss is one. On the latter point, McCollum believes that the intensity of downsizing is past. "My sense is that those will be a dimmed long page because the Canadian economy went through a massive corporate restructuring and downsizing in the early '90s. But I think its intensity will be reduced. If we're right in thinking the economy will expand," As with Summerville, McCollum lists a few caveats, that the U.S. economy not head into a downturn, that interest rates stay low; that the issue of Quebec separation does not resurface.

And what of consumer debt? At a historic high? Will Canadians simply refinance any cashflow priorities to credit card balances, maxing out debt and increasing savings? "What do you pay attention to?" asks McCollum. "How much you owe the bank or how much you pay in interest charges?" He thinks what really drives consumers—and what drives bankruptcies—is not so much the debt itself, but the cost of servicing that debt."

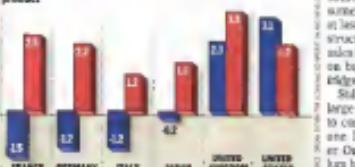
On that score, Canadians are unquestionably better off. "I'm not saying we're at the greenest light," says McCollum. "I'm saying consumers had a tough time in the '90s, possibly the toughest time since the Depression." Now "we can get a smooth sail of solid job creation and rising incomes, people will start to think we're on a roll."

And it is not the same thing as a boom. Wright's recovery seems to echo the booms of the 1980s. Summerville thinks not. "We had a sick, unhealthy economy at the end of the '80s," he says. "People at parties talked more about the price of their houses than they did about their children. In 1988 what did you do? Sold your house and leveraged up, with the confidence that the \$225,000 house would be worth \$325,000. It was an economy based on increasing prices rather than increasing productivity."

The bulk of the 1990s, as painful as it has been, has the markings of a protracted economic recovery. Summerville sees it as a healthier society. "Look at the conversations people have now; not about cars, houses, but about capital today for income tomorrow." And anyway, he says, comparing the 1980s and now, "houses give you roots."

CHANGE IN GDP

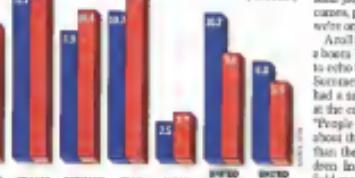
Percentage growth in gross
domestic product



Source: *Maclean's* Economics

UNEMPLOYMENT RATE

1993
1997
(Forecast)



Source: *Maclean's* Economics



Klein: sacrifice
has made
Alberta a better
place than it was
five years ago'

the huge budgetary surplus the government is expecting to apply against the province's \$4.5-billion net debt that previously was backed by many Albertans—has at the same time prompted demands for a rollback of some programs and wage cuts. Bruce Camerer, a Calgary-based senior vice-president at Angus Reid, warns that any cut in the Tories' poll numbers as the election battle heats up could be perceived as negative momentum—which has the potential to snowball. But the party does not seem to be in any serious electoral danger. "It's not impossible," Camerer says. "But given the huge lead the Tories have right now, it looks very unlikely that they could lose."

That is a far cry from 1993, when the Liberals were widely thought to have a solid shot at winning the next provincial election. It was largely Ralph—who took over the Tory lead—ex-mp half a year earlier—from the angular Don Getty—who swung the June 15 vote towards the Tories with his folksy, personal campaign style. The Conservatives captured 44 per cent of the popular vote in 1993, just four points ahead of the Liberals but enough to capture 51 of 83 seats in the legislature. The Liberals took 33 seats. The New Democrats were shut out completely. Since then, three Liberals have defected to the government side, leaving the current standings at 54 Tories and 26 Liberals.

This year, the Grits are hoping to capitalize on the economic, especially in rural areas, over-video lottery terminals. With critics objecting to VLTs—often referred to as electronic slot machines—on the grounds that they make gambling too readily available, the Liberals have promised to eliminate them. But the government may have taken some of the wind out of opposition sails last month when it announced that communities can vote to ban the machines while encouraging to share in gaming revenues. Grits in education and seniors programs may also emerge as important assets. And both opposition parties stand to gain from the most controversial cuts—that to health care—ever in normally Conservative Calgary where the impending closure of the Bow Valley Hospital, one of the city's major medical centres, has been a sore point.

The Tories, meanwhile, are atypically on their record. In his annual televised speech last week, Klein boasted that government spending is under control, the debt is being paid off, and more Albertans are working than ever before. "Alberta is a better place than it was four years ago, thanks to your effort and sacrifice," he told the province. The Liberals' Michael Mitchell counters that while budget balancing is great, "the question is how they have done it—and at what cost."

That is hardly the opposition's message for a soft-off Liberal Leader. Greg Mitchell argues that the polls are wrong, that voters will make their choices in the last two weeks before a vote—and that the Grits have a good chance to form the next government. The New Democrats, who last September chose former MLA Paul Barrett as their leader, say they expect to make inroads. Meanwhile,

neuroscience professor at the University of Toronto, "sent the signal that being fiscally responsible was politically a smart move."

Since, Klein will find out just how politically smart his policies really were—he is expected to call an Alberta election as early as this month. Although critics charge that he has turned Alberta into a deadlocked, less-compromising province, the political winds still seem to be blowing his way. The Alberta economy is firing on all cylinders—showing a happy state of affairs at election time. And according to Angus Reid poll of 100 Alberta constituents last November, the Tories enjoy the support of 50 per cent of decided voters, while the Liberals have 22 per cent and the New Democrats 10 per cent. What is more, Klein's own approval rating is 70 per cent.

That bodes well for the opposition, especially for a soft-off Liberal Leader. Greg Mitchell argues that the polls are wrong, that voters will make their choices in the last two weeks before a vote—and that the Grits have a good chance to form the next government. The New Democrats, who last September chose former MLA Paul Barrett as their leader, say they expect to make inroads. Meanwhile,

prices and dramatically reduced long-term care funding—which was later restored. Government is now leaner than it was—and many analysts say that suits Albertans just fine. "It fits in with the small, conservative mind-set of the province," says University of Calgary political scientist Stan Deschênes. "An awful lot of people support the fluoroscopy of spending. They may not have agreed with the priorities and amounts, but to a general rule they supported the idea."

Klein initially pledged that he would not ease up on spending cuts. And he was going strong until the fall of 1995, when the health-care issue boiled over. The catalyst was a hospital laundry workers' strike in Calgary—over plans by the regional health authority to contract out their jobs. With the strike straining support from a public increasingly concerned about health care, Klein stopped and cancelled some health cuts—although he said his action was not linked to the strike. "That was the first blip," insists Peter McCormick, a University of Lethbridge political science professor. "Boss, his eyes are blitting like a debt-buster."

In fact, during the first three years of its deficit-cutting campaign, the government reduced the health budget by close to \$400 million.

But it was the series of so-called reinvestment announcements that health spending is now just \$319 million lower than it was in 1993-1995, and has fallen the government announced that it will restore funding almost to the pre-cut level by the year 2000. That clearly relieved some of the public pressure around health care. But critics called it proof that the cuts were unnecessary, and the move, combined with the spiralling surplus, accelerated demands from seniors, nurses and others for budgetary relief. That, in turn, presents its own dilemma. "If you start pouring money back to restore the money you cut just three years ago," says McCormick, "you're almost admitting you made a mistake. On the other hand, if you just sit on the money, you lose credibility."

Revert Delti, Minister of Capitalization on Seniors over gambling

Premier Ralph Klein's
Tories are riding high

In his televised address last week, Klein insisted that the cuts were indeed necessary to control spiralling costs. And while he gave no hint of any dramatic new spending revelation, he promised "constant monitoring and fine-tuning" of health care and declared that he would "spend to the things the household needs." But he also insisted that "we must ensure that we never go back to the old ways of spending." His only concrete promise was to finish the creation of 155,000 more private-sector jobs by the year 2000.

McCormick argues that his Liberals have a different vision for the future, one that "embraces people" and includes a commitment to proper health care and education funding. The NDP's emphasis is on keeping the Tories out. After the first year of a new mandate, Barrett maintains, "we will privatize everything that isn't nailed down, they will deregulate everything possible, and they will get out of the business of governing—unless there is effective opposition." Apart from such a scenario, it is difficult to imagine the Tories coming up with any plan at all, as the way they implemented during their current term in office, the deficit revolutionaries seem to be hoping that the electorate will give them the mandate to manage the spoils of the budgetary battle. □

King of Alberta

BY MARY NEMETH

It was a different world back in 1993. The Alberta government announced that year that it had run \$3.4 billion into the red—eighth deficit in a row. Across the country, public concern about the level of public debt was mounting. But only a few governments were taking cautious steps towards deficit reduction, balancing modest spending cuts with tax increases. That was before the Klein revolution. Almost immediately after winning Alberta's last election nearly four years ago, Ralph Klein's Conservatives initiated a massive 20-per-cent cut to government spending—while generally holding the line on taxes. They even made substantial cuts to once-untouchable progress-era medicare and welfare. And with the help of boozing oil and gas revenues, they ran up a budget surplus that could come in at over \$3.2 billion this year. In the process, they disbanded other governments—everyone from the federal Liberals to Ontario's Tories and even Quebec's Liberal Bouchard—to join the budget battle. Klein, says Jack Carr, an eco-

Battling on many fronts

Crises rock Montreal Mayor Pierre Bourque's government

In the comfort of his spacious office, with a brilliant yellow fountain plant perched on his desk, Montreal Mayor Pierre Bourque enjoyed a slight respite from the turbulence that has rocked his administration for months. Since Bourque's visibly shaken, face red with anger, he has been a target of his former chief of staff, Daniel Cusset, who has accused him of deliberately launching a legal campaign against the mayor. The mayor has learned from one crisis to the next, including the most recent resignations of five councillors from his Vision Montreal party in late January. Last week, much of which was remarkably scandal-free—a rare look into Bourque's political world—was marred by the news that he had been accused of accepting campaign contributions from a man he had previously condemned as a "scoundrel." Bourque's office acknowledged an interview with Masina's that the atmosphere at City Hall was not a healthy one. "But it isn't having an impact on the city's work," Bourque asserted.

Not everyone agrees. While some opposition councillors say that the bureaucracy continues to drag along relatively unaffected, others assert that the mayor is having an impact on municipal government. And given the city's continuing economic crisis—including, among other things, an unemployment rate of 13.6 percent compared with the national average of 7.7—Montreal clearly cannot afford a drawn-out political scandal.

Pauline, president of the Montreal-based Association of Municipalities and Engineers of Quebec, "It's very difficult to have the necessary leadership when someone is trying to drive a wedge at such a time."

His leadership, in fact, suffered. Some observers point to last month, when Bourque was forced to pull off a planned trip to Asia as part of the Team Canada trade mission. Instead, he stayed home—due to the results of Quebec's chief electoral officer



Bourque with supporters: allegations of accepting campaign contributions

Pierre-F. Côté's investigation into the allegations by Maurice Bégin, who worked as Bourque's chief of staff during the 2004 municipal campaign, that the mayor illegally funded \$25,000 from the party's coffers during the campaign. Côté ruled out laying charges against Bourque under the provincial Election Act, noting that there was insufficient evidence of wrongdoing on the mayor's part. But the chief electoral officer took aim at Bourque's party, laying seven charges of illegal campaign funding against Vision Montreal. That brought to 22 the number of charges laid against the party and its workers under the electoral law since 1994—and also resulted in the resignation of Vision Montreal's legal lead, Daniel Cusset, who faces two of the charges

himself. And Bourque's missed opportunity to take part in the Team Canada mission—and personally lobby on the part of Montreal for valuable business contracts—left some critics upset. Said opposition councillor Marie-Rose Landry: "You have a wonderful Canadian team and everybody is represented—all the provinces and most of the major cities. Montreal's got to be there as well."

He could face legal charges, though, may be far lesser of Bourque's problems. He must also contend with the ongoing disintegration of the Vision Montreal party. In January, while Côté was investigating, Bégin's allegations against Bourque, the former assistant, plan to fire two lawmakers from their posts on the city government's executive committee. The eight seats were all held by Vision Montreal councillors. According to Bourque, Senator Perrine Forcille and Pierre Goyer were trying to evade his authority. "They had their own agenda," said the mayor at the time, "and they were not loyal to our democracy."

The mayor's move angered many Vision Montreal councillors and was followed by a string of five resignations. Among them were Goyer and Forcille, who denied Bourque's allegations, and subsequently won a court injunction preventing Bourque from removing them from their jobs. That has left the mayor's majority over its executive committee, stripped in Montreal, and while the hemorrhaging from Vision Montreal's rank-and-file appears, for the moment, to have ended, the party still holds 38 of the city council's 51 seats—the possibility of further defections remains. "I know there are many councillors who are questioning the future," says independent councillor Robert Laroche, who faces two of the charges

he quit Vision Montreal in January.

Others wonder whether the ongoing scandal will divert Bourque's attention from key issues. Among them: the Quebec government's proposed new regional decision-making body for the Greater Montreal area. Peter Trent, the mayor of the City of Westmount, says that Montreal will have to be represented by a strong voice to ensure that the provincial government does not attempt to limit municipal powers. But Trent, who also heads the Conference of Suburban Mayors (which represents all of the 101 municipalities except Montreal itself), expresses concern that Bourque's political problems could prove to be a distraction. "If you're known for putting out fires," Trent observes, "you have to ask yourself whether you have the time left over."



Digging out in Montreal: councillors level—as basic services like snow removal slide

been viewed as a Bourque supporter. But recently he told a television interviewer that he found it increasingly difficult to work with the mayor. "He's too hot establishing priorities with him," Meunier said. Closer to home, critics charge that Bourque, the former head of the city's Historical Garden and a municipal civil servant for more than 25 years, employs a personal style that is much too authoritarian. According to opposition councillor Sam Boisjoly, some municipal civil servants who sit in the closed executive committee meetings have complained that the proceedings "seem to be like a king and his advisors back in the 14th century."

The mayor categorically rejects such criticisms and says he will continue to delegate authority. And Bourque's loyalist Zeldel main-

stream to the cash-strapped city's recent decision to chop \$8 million from its \$48-million snow removal budget.

According to André Laroche, the leader of the main opposition Montreal Citizens (MCC), the snow removal situation is "a very clear symptom of what's been happening in Montreal for two years." Montreal taxi driver Gilles Lord, meanwhile, says that even tourists have noticed the deterioration. Bourque says that he has listened to many complaints from out-of-towners who were surprised at the lack of snow removal.

That may be. But it's still a good sign who's more capable of doing the job."

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In his office, Bourque suffers personally from the political upheaval. He points out that he donates his \$10,000 salary to charity and lives off the city pension he receives as a result of his lengthy

BRENDA BRAUNSWELL is in Montreal

Pre-election jitters

Antics and animosity upset the Liberals' plans

I began with a party member of Parliament threatening to punch out an opponent across the floor of the House of Commons. It ended with a man housekeeping his feet up the steps of the Centre Block and then entering the lobby on foot before more than 30 security guards subdued him as he shouted "Devil worshippers, devil worshippers!" Last week made it official—the pre-election silly season is upon the country. But a sense of irreverence lurks beneath the inevitable and often unpredictable shenanigans that envelop Ottawa in anticipation of an election that may, depending on the whys of Liberal Prime Minister Jean Chrétien, take place as early as June. With 45 pieces of legislation before Parliament, and another 20 bills likely to be tabled before the two-week Easter break that begins on March 24, the normal flow of government business is anything but ordinary. "We're on a very tight schedule," admits a senior Liberal aide. "Because it's a possible election, it's down to business like filing bills into slots where you know you can make some progress."

Indeed, from last week, the Liberals appear to be marching backwards. Party strategists were prepared for opposition attacks over the government's integrity on big-ticket items, such as the impending end of the Sûreté inquiry. In fact, Finance Minister Paul Martin pushed up the announcement of his Feb. 18 budget by a week to grab the spotlight from the Tories' plan to open the spring session with Senate bills that included stacking the public gallery of the Commons with senators. What was unexpected were the acute pitting Liberals against Liberals over what were supposed to be smaller pieces of legislation, some in the same vein as 1993—and some of which may not survive if an early election is called. Among them:

- The anti-tobacco advertising act (C-70) It may be unwise politics to prevent Canadians from smoking. But MPs from all parties are talking at Health Minister David Denegriks' tough legislation. Cultural and sporting groups say the proposed ban on financial sponsorship from the tobacco industry

could well mean the end of such events as Montreal's Just for Laughs comedy festival or Toronto's IndyCar race. The alliance proved to be potent. leaders say the order came from Chrétien's office to drop the bill from last week's parliamentary business after Quebec politicians took up the cause for cash strapped Montreal, which stands to



Opposition: 70 amendments and a review from within: Liberals

amendments to the Copyright Act on a parliamentary committee that had already waded through 40 amendments of its own. Cope's changes would force broadcasters to pay more to artists for use of their work, as well as fees for the right to copy that work onto hard drive or tape. Bloc Québécois MPs applied the increased measures because they would benefit the large Quebec artistic community. But Reformers and some Liberals think she has gone too far, at the expense of small broadcasters that cannot afford higher fees. Last week, Ontario Liberal MP Brenda Chamberlain tabled another 22 amendments—and re-tabled Cope's changes to the interests of Quebec. Warmed Sûreté Liberal MP Roger Galarneau: "This bill it never goes to make it without massive changes."

- Amendments to the Divorce Act (C-40) The Liberals thought their troubles in the Senate were over when they cracked the Tory majority in the upper house last September by bringing their total to 51 seats, one more than their majority base. They did not count on a December revolt in Liberal ranks that led to the defeat of government legislation, now in limbo, to limit damages to developers for the 1993 cancellation of the privatization contract for Toronto's Pearson airport. Nor did they figure on Liberal Senator Anne Cook, who threatened to do the same to Justice Minister Allan Rock's amendments to the Divorce Act. The changes include a clause that would give Ottawa the power to revoke the passports of deadbeat dads. Cook says the proposals would "be too hard on fathers," adds says Rock, who pursued the bill would be enacted by May 1, if applicable. As for fathers' rights advocacy groups, the prospect of a delay or possible defeat of the legislation makes them—in the words of Ross Virginia of Toronto-based In Search of Justice—"up in arms in mad."

Footy Liberal MPs are already taking sides in anticipation of a whole new round of legislation that some party officials fear will turn an unspoken spotlight on internal differences. For one thing, southern Ontario Liberals are generally marshalling enthusiasm for the federalists' plan to fight Environment Minister Sergio Marchi's proposed revamping of environmental laws. In an election location such interlocutor fights are perhaps predictable as MPs play to the interests of their constituents. But they may also cast further doubt on the stability—and cohesiveness—of the party to deliver on its promises.

- Amendments to the Copyright Act (C-70) Viewed as she is by most as a cultural cop-out, there is nothing that emboldened Heritage Minister Sheila Cope would like more than to win a round for struggling artists—and herself. That's why, she says, she has charged 70 last-minute

E. KAYE FULTON in Ottawa

Canada NOTES

WAR CRIMES MISUIC

Federal Court of Appeal Judge Paul Rouleau became the second judge forced to withdraw from a deportation hearing for alleged Nazi war criminal Ernst Tiefenbach. John David and Helmut Oberlander, Rouleau's replacement because he called a prosecutor about court scheduling without calling the defense. Last year Associate Chief Justice Jeanne Jerome removed herself from the case after a federal lawyer told Chief Justice Julius Issac that Jerome was dragging his feet. Meanwhile, the Berlin War Crimes Center is asking Canada and Germany to investigate former members of the Nazi Waffen-SS who, according to German television, are living in Canada and receiving German pensions.

UNIMPORTANT

According to a 1991 report filed with the Senate's commission, Col. Steve Labell, the top Canadian coordinator in Somalia, was involved in a closed-door inquiry that a fatal shooting and the torture-death of Somali teenager Siad Ahmed Arino in 1993. In "the overall scheme of things, unimportant," Labell, who at 5'6' and 185 lbs his testimony before the Somalia inquiry, told the three commissioners that 19-year-old Arino's brutal death was "a terrible incident."

In a 3 to 4 split decision, the court also dismissed a challenge to the defense in sex cases. Writing on behalf of the dissidents, Justice Claude Léveillé-Dubé ruled the decision and said the defense was merely on a fishing expedition. The reasoning employed by the majority, Léveillé-Dubé said, "goes against the grain of this court's charter jurisprudence and is contrary to basic underlying notions of how the criminal justice system actually operates."

In a third case, the court unanimously ruled that placing a disabled child in a segregated classroom is not discriminatory so long as it is done in the child's best interest—even if the parents object.

Decisions on three big issues

Euthanasia, sexual assault and education for the disabled—three contentious issues, and all of them touched on by the Supreme Court of Canada last week. In the case of Robert Latimer, the court ruled unanimously to set aside the Wilkie-Serk, Tanner's 1994 second-degree murder conviction for the 1983 death of his 13-year-old daughter, Tracy, who suffered from cerebral palsy. The court ruled that Latimer—who has confessed to killing his daughter by carbon monoxide poisoning in order to end her suffering—should face a retrial. The justices said it was "nothing short of a flagrant abuse of process" when a prosecutor in the case instructed police to convene protective jurors on how they felt about mercy killing. But the court also ruled that his confessions, which he gave to police before receiving legal counsel, will be admissible as evidence at his retrial.

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Latimer: Tracy Wilkie-Serk, above, of no effect



Mother goes home

Ontario Court Justice Ingar Hartman handed down a suspended sentence to Brian Drummond, the 29-year-old postal worker from Galt, Ontario, who killed his wife, who died 10 months ago, with a blow to the head. The court imposed, however, that 30 per cent of the sentence must be set aside for student loans. The new fees are expected to total up to an additional \$10,000 per year.

BROWN TO RUN

MP Jim Brown says she has decided to take on her former boss, Reform Leader Preston Manning, in his Calgary Southwest riding. Brown was elected as a Reform MP in 1993 in Calgary Southwest, but left the party and became an independent after being suspended for saying Reform is too extreme. Now she will seek the Tory nomination to run a high-profile showdown—one that Brown says she intends to win.

The shredding case

First came the reports of shredded documents. Then, last week, Ottawa called in the RCMP using the Mounties to investigate the destruction of transcripts and tapes of recordings held by the Canadian Blood Committee, the now-defunct government body that supervised Canada's blood supply between 1987-1990. During that time, thousands of Canadians contracted the AIDS virus and hepatitis C from tainted blood. Ottawa's request was triggered by a report last month from Information Commissioner John Grace, who concluded that the records were destroyed in 1988 to thwart the public's right to information. In the Commons, Health Minister David Dingwall and all documents related to Grace's report have been forwarded to the RCMP.

The countrywide surveillance by the Canadian Red Cross Society also descended last week. The charity revealed that hapless—not those who make donations—are paying millions of dollars in legal bills generated by the society's efforts to prevent Justice Binnie Keay from naming names in his final report on the blood tragedy, due at the end of April. Outspoken Black AIDS activist Jason Gammie and she was angered that the Red Cross has access to public funds for its court battles, while she may have to sell her home to raise money for her legal fight.

Making O.J. Simpson pay

A jury hits him with multimillion-dollar damages for wrongful death

There were 181 murders in Los Angeles County in 1994. But for much of the past three years, just two of those killings have riveted the attention of the American media, the public and legal experts—not to mention the families of the victims. Last week, finally, the cases of Nicole Brown Simpson and Ronald Goldman, killed in a brutal knife attack on the night of June 12, 1994, reached their long-sought conclusion. After 17 hours of deliberation, jurors in the civil proceedings against O.J. Simpson found the 46-year-old former football star liable for the deaths of his ex-wife and her friend, Goldman. The penalty? Not prison time, but money, as the jury awarded \$12.5 million in compensatory damages to Goldman's divorced parents, with perhaps millions more to follow in punitive damages for both victim's families. "Thank God for some justice for Ron and Nicole," said Fred Goldman, Ron's father. "This is all we ever wanted."

Bruce words. The saga of O.J. Simpson has been about a lot of things—celebrity, media hype, money—but justice has often seemed an elusive commodity. By conservative estimates, the case has spawned more than 30 books by everyone from hack writers to former Los Angeles police detectives to party girl Fey Bruck. In its criminal incarnation, the Trial of the Century proved a ratings bonanza for U.S. television networks—and events non-television court-watchers stake the media spotlight last week from President Bill Clinton and his state of the union address. The criminal trial widened the country's racial divide—and the civil trial, notwithstanding the seemingly endless legal proceedings themselves, nowhere, which began with Simpson's arrest in June, 1994, are probably still far from over. In the end, it remains an open question whether last week's verdict resolved much at all.

The civil case, brought against Simpson by the Goldmans and Brown families, was in a different trial than the one in which he was acquitted of criminal charges in October, 1995. Once was Lance Ito, the self-styled judge widely criticized as lacking diligence, pro-



AP/WIDEWORLD



Simpson after verdict (left) Fred Goldman with Pamela (top left) and family. At Pic over

and seemingly endless aftermath in bog down proceedings. In the civil case, Judge Thelma Fagan-barred TV cameras from the Santa Monica courtroom, and he consistently prevented either the defense or the plaintiffs from getting off track—out of the room, the latter trial took almost six months, whereas the criminal proceedings dragged on for more than a year.

Perhaps more important to the outcome, however, was the composition of the jury. In the criminal trial—when Simpson's "dream team" of lawyers argued that their client had been framed by racist cops—the panel was drawn from mostly black downscale Los Angeles, and nine of the jurors who eventually acquitted Simpson were African-American. The civil jury, by contrast, was drawn from predominantly white Santa Monica. Of the 12 jurors who unanimously found Simpson liable, none were black, although one was of mixed race.

The civil jury also had vastly different evidence with which to reach their verdict. And little of it worked in Simpson's favor—including his own testimony, required in a civil proceeding even

though he declined to take the stand during his criminal trial. For one thing, Simpson denied ever owning a pair of size 22 Bruno Magli shoes, the type whose soles match bloody footprints found near the victims' bodies at Nicole Brown Simpson's South Bundy Drive condominium. But then the plaintiffs' legal team, led by co-counsel Daniel Petrocelli, produced 21 photographs of Simpson wearing exactly those shoes at a football game nine months before the murders. Perhaps even more damning from Simpson's testimony was his absolute denial that he had ever hit Nicole—even though he had pleaded no-contest years before to doing just that, receiving a suspended sentence for assault in 1989.

In examining their defense, Simpson's lawyers, led by veteran civil litigator Robert Baker, faced an uphill battle. There was a mountain of existing DNA and blood evidence linking them closer to the crime, as well as new evidence—including results of a lie-detector test that Simpson failed miserably days after the killings, and testimony from ex-girlfriend Paula Barbieri that she broke up with him on the morning of the murders. The defense team was also handicapped by Judge Fagan's disallowance of any testimony involving former police Det. Mark Fuhrman. In the criminal case, Fuhrman's anti-black views provided the backbone of the defense. Without Fuhrman, the defense claim that blood found on Simpson's vehicle and around his Buckingham estate was actually planted by L.A. police lost much of its impact.

The jury, at age 30, was clearly not convinced by Simpson's ver-

sion of events. But their finding of liability in the civil case—and the \$12.5 million awarded to Goldman's family—were only the first steps in the calculation of damages. At week's end, the jury re-entered deliberations to assess punitive damages, intended to punish Simpson not for the deaths of Goldman and Nicole Brown Simpson, but rather—through a decidedly strange legal tactic—for causing property damage against them when he committed robbery. Simpson's lawyers claimed that he is \$12.8 million in the hole—and that the jury should award nothing in punitive damages. The plaintiffs, on the other hand, claimed that O.J. is worth at least \$1 million—estimating that he can still earn even more than \$17 million and \$18 million a year from book deals, signing autographs and through the sale of end-embraced paraphernalia. Among the phrases that the plaintiffs chose Simpson has already applied to trademark: "Team O.J. just for all."

Even after the civil suit officially ends, the legal fight is bound to continue. For one thing, an appeal is almost inevitable, although some legal experts doubt that a higher court would dare overturn the civil decision and risk being seen as pro-Simpson. Meanwhile, Simpson is fighting a battle in another court, the paternal grandparents of his children—13-year-old daughter Sydney and eight-year-old son Jason—are appealing a family court decision that granted him custody last year. (The Brauns' attempt to win joint custody of the children pending their appeal was thrown out of court last week.) Some commentators, too, have suggested that Simpson be charged with perjury—as Fuhrman was after he lied under oath about never having used racial epithets. Launcie Leverance, an associate director of Loyola Law School in Los Angeles, says such a charge is unlikely. "My reaction is don't hold your breath," Leverance adds. "Obviously, the jury thought O.J. wasn't telling the truth, but the reason is likely to be a parole—and that is probably the best punishment ever."

The most enduring legacy of the Simpson trials may have nothing to do with courtroom and legalities, but rather with black and white. Outside the courtrooms following the verdict, many in the largely white crowd of about 2,000 broke into a spontaneous mosh-pit of the pan-ethnic "We Are Chappas" when the Goldmans finally left the building. In South Central Los Angeles, 80-year-old pensioner Lee Johnson claimed to reporters that "all of them white" who were out to get Simpson. "He could have got a better trial in Mississippi," Johnson said. Policing among the two races last week reflected these sharply divided attitudes, and was deceptively amiable. Despite lines of whites still they believe Simpson is guilty, while less than a third of blacks did. In truth, Simpson's saga has become a passion play about race in America—even though the star, who in his glory days rarely if ever spoke out on behalf of African-Americans, was hopelessly miscast. No matter. The play goes on.

JOE CHIDLEY with ANNE GREGOR in Los Angeles



Bob Levin

Fixating on fame, race and, oh yes, justice

Four months into the O.J. trial, in an age when genetics like Kate Keltin walked the earth, the conventional wisdom in L.A.-land was that it would end—if ever ended—in a hung jury. "It's just a matter of time and seeing what other kind of incidents can happen to make the new series more interesting," said a disengaged Alton Brooks, a marketing agent for the Ontario Film Development Corp. in Los Angeles. "And it's really odd that Americans are so obsessed with celebrity. The most media-savvy celebrity gets held in higher esteem than a rocket scientist or a journalist or a doctor or anything. It's frightening."

At the time, Brooks was showing a visiting reporter around town, specifically a Beverly Hills club of the sort O.J. and Nicole used to frequent. The club, as it happened, was partly owned by *Simpsons*' Pamela Anderson Lee, and while the star wasn't in attendance that night, the lounge was packed with Paul Simon—toted young women fanned over by tanned older men and flaunting swathes of gravity-defying cleavage. Much lap-sitting. Much look-starting. Much off-color talk, stars being the point. If you were visiting a location in which to explore the shallowness of American culture, this was your place.

More than a year and a half has passed since then. That first jury deliberated the sages and declared Simpson not guilty of killing Nicole and Ron Goldman, and last week a second jury did one in a civil trial, found him liable for the very same murders. Different juries, different evidence, different burdens of proof—different verdicts. And while the hot-blob O.J.-mania had plainly passed—the plotline was essentially unchanged, after all, and the civil trial wasn't televised—the public remained fixated by the life of this celebrity rock-and-roll star, *Simpsons* actor and sportsbeater. "In America," says Brooks, a native Torontonian who has now lived 13 years in the States, "they love to build their heroes up, and then they love to watch them fall. This is about the fall of an American hero."

Which is why, for all their blithe posturing (and sometimes moist behavior), all the O.J. books—millions have been sold, Americans were invited to their *TV*s last Tuesday night, enduring Bill Clinton's 10 Principles of American Education to learn whether the 12 Peers of American Jurisprudence would at last bring O.J. down. This is a low-key story that even highbrow critics could relish, thick as it is with murder, jealousy, betrayal and other things *Simpsons* wrote about. And of course it has credibility, that *Americans* specifically. Pile up a recent copy of *People* magazine. There are the usual sagas: Eddie Murphy, Mel Gibson, Sharon Stone, Tom Cruise, Princess Diana. And who's this? Someone named Missy Geyer riding her mountain bike to 15 minutes of fame. This is a great denouement at work. For every hoary *Days* Herring, who was at



The Simpsons: A very busy highbrow castle's castle

lead a well-known skater before a herd that bashed her rival's knee, there are Lorraine Bobbitt, who shamed her way into the limelight. For every Bill Clinton, who has mastered O.J.'s lighting and Oprah's adorableness, there's a presidential tailor, a Gennifer Flowers or Paula Jones.

No act is too outré or taste-low Dennis Rodman may be a skilled retriever of wayward basketballs, but he became a pop culture phenomenon only after he dated Madonna and friended Jennifer Lopez and leathered his Bill Cosby may be America's Dad, but after his son, Sean, was gangbanged down on an L.A. roadside, the consensus ended up concluding that a "language barrier with a woman whose daughter claimed him as a father Americans were shocked, shocked! Build the hero up, watch him fall. And off by the way, has anyone figured out who killed them?"

So, justice remembers justice? That's a large part of the O.J. obsession, too. And that's where that old American notion—men should know justice may be blind but the juries who execute it out most definitely are. When the criminal trial ended 16 months ago, the majority of all black Americans—given the not-glorious service of the mostly black jury, who bought the defense's lie of police misconduct and corruption. The heart of white Americans thought O.J. did away with murder. They did their cheering last week when, in a sense, the mostly white state and jury evaded the score. It's an imperfect outcome, sure, but at least it's something—and there does seem to be a basic human need to see justice done. In Detroit this week, Garrow will open its official inquiry into the wrongful conviction of Guy Paul Morin, who was finally cleared in 1995—thanks to DNA testing—after serving 18 months in jail for a sex killing he didn't commit. And last week in Cleveland, a team of lawyers and investigators, also brandishing DNA evidence, claimed that Dr. Sam Sheppard—convicted of killing his wife in 1964, that year's Trial of the Century—was in fact innocent. Sheppard had been behind bars for a decade before the Supreme Court decided the circus-like atmosphere had polluted the first trial, and while a second jury acquitted him in 1986, he died four years later enough of a cloud that he was hired the experts to clear his name. If the case sounds vaguely familiar, well, it is: The Sheppard story was the basis for the TV show and later movie, *The Fugitive*. The pop culture never rests.

Sometime the Simpson saga will end, of course, and historians will tell us what it all means. But for now it's far from over—there may well be an appeal. And the hate and keep on caring. The L.A. police's two chief O.J. investigators have just published a book. Simpson's ex-girlfriend is writing one, and so is prosecutor Marcia Clark. Ron Goldman's sister has signed with a joint company. And on and on. Ron and Nicole are still dead.

The smoke clears

Milosevic grants the opposition's key demand



Rudolf (left), Pešić and Brnabić in Paris (Milosević (inset) dominating)

Throughout Serbia's prolonged crisis, President Slobodan Milosević had vacillated between hints of compromise and shrill demands of his opposition foes. Then last week, when a crowd tried to march across the main bridge linking old and new parts of Belgrade, the breaking point came. For the first time in nearly 80 days of mass antigovernment demonstrations, police used water cannons against protesters who were defying an official ban on marching. As officers armed with automatic weapons stood by, the cops fired tear gas and beat out with night sticks, injurious to 300 people. It appeared that a long-festering latent civil disorder was under way. Yet a day later, the老人 truly cleared. Surprising many of his opponents, Milosević finally recognized opposition victories in local elections across the country last November and ordered the government to nominate the results it had snubbed. Even so, many observers saw no real change in Milosević's days are numbered.

Prized as it was, the concession came too late to avert the huge changes in Serbian society wrought by the underground street protest. Leaders of the Zajedno (Together) opposition coalition called for an end to the demonstrations—effective when, or if, par-

liament approves the referendum this week. But they vowed to fight on for wider democratic reforms, such as freedom of the media and independence for the courts. They also remain wary. "This is a good first win, but we have seen tricks before," said Zoran Djindjić, a key Zajedno leader who will become mayor of Belgrade if the government follows through. "I don't think this is the end," added coalition partner Vojislav Pešić at a news conference in Paris, where they and the second Zajedno leader, Vuk Drasković, were drumming up international support. Some Zajedno supporters wanted to postpone the street action until all goals are met. "It's good that we are winning," said one of the demonstrators, summing up the mood. "But I will miss all this."

Some commentators say the president's slowdown was as much of a show of meekness over his losses in the governing coalition. Others responded that after months of indecision, Milosević had decided the cost of continuing confrontation was just too high—especially in long-sought local elections. "The disputes over the demarcations—effective when, or if, par-

liament caused so much damage to our country both at the domestic and at the international level," Milosević wrote in his letter to the government. "It is high time we resolved this problem in the highest interests of our people."

Indeed, Milosević had overreached almost alone on the issue. "He is a man who does everything too late," the president's former adviser, Zoravine Trifković, told a Belgrade newspaper. "He does not like to declare his position on anything. But when driven into a corner, he can think swiftly and capsules complex, incendiary decisions." Trifković said that as the crisis unfolded, there was no one in the leader's circle who would confront him with the need to act. "President Milosević does not like to have bad news. Everyone躲es to him to know this."

But there is more bad news coming. Former Belgrade police chief Miroslav Nisic, a senior official in the ruling Socialist party coalition, said he was leaving independent and knew of crooks who were thinking of forming a new breakaway party. "This man has targeted the Socialist party," he said. It was certainly a political humiliation for Milosević, hardly off by claiming victory in the same week against "terrorists" in Kosovo province, where minority Serbs rule in increasingly hostile Albanian majority.

In fact, the Zajedno victory has created an optimism that is spilling over to other Balkan nations. After a month of protests in Bulgaria aimed at ousting the ruling Socialists, President Petar Stoyanov last week asked Stoyanov's respected opposition mayor, Stoyan Simeonov, to become the new prime minister. That was as a first step in overturning the ruling elite of leftover Communists. And in the Albanian port city of Vlora, nearly 50,000 people rallied earlier last week, raising millions in the fifth general strike since November. Some members of the opposition accuse the ruling Democratic party of using grandiose funds to finance its dubious re-election last year.

In Belgrade, the opposition's challenge is to exploit their new advantage and mount a serious challenge to the Socialists in elections later this year. They have won the capital and 13 other city councils. But local authorities are starved for cash, and running them without substantial help will be tough. Still, with the council's state-run local radio and television stations, giving the opposition a chance to break Milosević's virtual media monopoly. Down the president's inner circle can see a new era coming.

"Milosević can go for another term as 'Serbian president,'" a Socialist insider said. "The cities would erupt. For the first time, we can think of a future without him."

PAUL WOOD is in Belgrade

The witch's brew

Like many a good story from Latin America, there is a witch in the tale: a mysterious mission with psychic powers and a wand made of dried quince jelly. Francisca Zetina Chávez is her name, but she is better known in Mexico as La Pocha, a local shaman often consulted upon circumstantial. She was a member of the Senate last October when, guided by her "visions," she told police that a bastment corpse buried in an unmarked grave on a ranch outside Mexico City called, fittingly, El Encantado—The Enchantment. Ever since, she has mesmerized Mexicanas with the part she is playing in an unfolding macabre legend—a weird chronicle of low intrigue in high places, blackmail and betrayal, fraud and murder.

The corpse in the grave lies at the center of things. When police dug it up four months ago, La Pocha claimed that it was the mortal remains of Raúl Salinas Sánchez, a rising Mexican congressman widely believed to have orchestrated the 1994 assassination of José Francisco Ruiz Massieu, second in command of the country's ruling Institutional Revolutionary Party. La Pocha maintained Menéndez had been bludgeoned to death with a baseball bat. What is more, she passed along to police an anonymous letter suggesting that the author of the crime was the owner of El Encantado, René Salinas de Gorostiz, the jailed brother of disgraced ex-president Carlos Salinas de Gortari.

La Pocha's revelations delighted the Mexican federal authorities, in particular Pablo Chávez Bernál, then special prosecutor in the attorney general's office. Until his retirement last December, Chávez had spearheaded the effort to link René Salinas to the murder of Ruiz Massieu, René's own brother. In law it was Chávez who sent Salinas to jail more than two years ago to await trial on charges of, among others, masterminding the assassination. And it was Chávez who described the cadaver in the unmarked grave as "conclusive" proof of Salinas's guilt.

According to Chávez, Salinas had gathered his all-cumy Mená in order to take care of any loose threads that might eventually be laid to the demise of Ruiz Massieu.

For a time, it looked as if Salinas might well spend the rest of his life in a federal penitentiary, thanks largely to La Pocha. But last week, the tables suddenly turned. La Pocha was arrested and thrown into jail, facing a maximum sentence of 28 years on charges connected to an attempt to frame Salinas. Joining her were seven accomplices, including former members of Chávez's staff as well as María Bernál, once a mistress of Salinas. As for Chávez, after failing to respond to two

win the co-operation of La Pocha, Bernál and a pair of the witch's relatives.

From jail last week, La Pocha denied that Chávez was responsible—and accused René Salinas of engineering the whole thing from his prison cell. She said she had been blackmailed by the ex-president's brother, who had caused her complicity by kidnapping her daughter. The son, and La Pocha, was discovered the entire investigation into Salinas's links to the murder of Ruiz Massieu.

Fantastic as that might appear, it was not a scenario that was being discussed out of hand in Mexico City last week. "René's lawyer could certainly manage to clear him of these murder charges by proving that he was framed from the start," said Carlos Conchón, an analyst with the Mexican Institute for Political Studies. And that might well prove to be what Conchón termed a "policast" for the PRI, the Spanish acronym for the ruling party.

In July, mid-term congressional elections are scheduled, widely cited as the first truly democratic vote in Mexico's modern history. If current polls are any indication, the PRI is in trouble, in no small part due to René Salinas's legal woes, as well as those of his brother Carlos, now in self-imposed exile in Ireland and himself accused of involvement in the March, 1996, murder of former PRI presidential candidate Luis Donaldo Colosio. "Solving the reputations of René and Carlos Salinas is the predominant political theme at [a] current event," noted Congressman Alejandro Rosas, an independent who recently bolted the ruling party. "It could turn the tide for the PRI."

Adding weight to that sort of speculation is the fact that Chávez's former boss, attorney general Antonio Llamas Gómez, is a member of the opposition National Action Party, the PRI's main electoral threat next summer. Like Chávez, Llamas was fired last December. "I'm sure that my public conduct and that of my collaborators will be harshly valued by society," said Llamas in the wake of La Pocha's arrest, "since we are beyond electoral interests."

But whatever the underlying motives, the latest episode in Mexico's mélodrama has certainly managed to capture the attention of the country. Last week, a renowned Carlos Fuentes, one of Mexico's more celebrated authors, was moved to ask, "What can a novelist invent that could top this?" What indeed.



La Pocha, René Salinas (left).
Raúl and betrays!



A political
murder mystery
deepens over a
planted corpse

decidedly frosty about his role, he was declared a fugitive from justice.

It turns out that the corpse in the unmarked grave was not Mená but, rather, the father of La Pocha's son-in-law who had been killed in a brawl in 1993. The mysterious letter implicating Salinas had been penned by an accomplice of La Pocha's, police charged, with the assistance of Salinas's Spanish-born ex-mistress, Bernál, who was apparently shot once being held by the former president's brother. Asif Mexican authorities are to be believed, the person behind it all was Chávez, who distributed some 35 million pesos—\$300,000—it believes to

BARRY CANE with
RAY JOHNSON in Mexico City

MAKING
THE RIGHT
MOVES

PART THREE

The Buyers Guide



Mutual Funds

Without
A Game Plan,
It's Hard To Make
The Right Move.

Mutual Funds can be an excellent way to diversify your RRSP investment portfolio. But with so many on the market these days, picking the right funds for your particular needs takes planning, knowledge and experience.

Since 1988, Royal Capital Planners Ltd. has been helping Canadians plan for and achieve, a life of financial security. And because all Royal Professionals are independent investment consultants, our recommendations are based solely on what we believe is best for you. So before you invest another dollar, invest a little time with a Royal professional. Our consultation is free - our advice is invaluable. Consult your telephone directory for a local listing, or call our toll-free number



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There is one overriding fact dominating the mutual funds industry today - the same overriding fact that affected schools and churches in the '50s and '60s and the real estate market in the '70s and '80s. By the year 2000, 9.8 million baby boomers will be between the ages of 48 and 68, the prime time for savings and investment.

These boomers are already having a profound impact on investments available for RRSP savings. As demographer David Foot explains in his book *Boom, Bust and Echo*, until now baby boomers have been primarily concerned with paying off their houses, together with clothing and feeding themselves and their children - as they grow older they will have more disposable income to invest. And more reason to invest it since they will be retirement approaching rapidly and at the same time their tax-free government and company pension plan is failing. Banking institutions, mutual fund companies, brokerage houses and other investment advisors all know this, and are making more educated investors have access to a wide variety of alternative products.

But there are some other trends to be kept in mind when purchasing RRSPs. First, wages. People buying houses and raising children create a big demand for money they can borrow, which helps put interest rates up. But people whose mortgages are up or less paid off and whose children are close to adulthood don't need loans - they need growth-oriented investments. In other words, don't expect to see interest rates charging up again any time soon. Stock markets, however, should continue to rise - and possibly become more volatile as eager investors drive the price of Canadian stocks up.

That's the prediction, anyway. Economists are not infallible, but it's certainly wise to keep the potential for large shifts in mind as you survey the range of products available for RRSP investing.

Fixed Income and Deposits

Now that the RRSP season is here again, based with mixed low interest rates, Canadians, who traditionally feel more comfortable with fixed income investments are finding reasons. Recognizing our customers, banks and trust companies are continuing to develop more flexible term deposits and Guaranteed Investment Certificates that offer better opportunities for growth along with the traditional security of fixed interest. Some include the option of paying out if your rate of return falls out of step with changing trends. For example, the Bank of Montreal's popular RATEplus, available for three and five years, gives investors an increasing guaranteed interest rate each year, and the money can be rolled over to other bank products on particular anniversaries if the package looks better.

Many GIC customers are looking at equity-based hybrids. Several, such as Scotiabank's two-year stock-linked GIC are based on the ups and downs of the Toronto Stock Exchange.

Everyone tracks the blue-chip Toronto 35 Index, and you have the security of knowing you can't lose - your principal is guaranteed if the index goes below purchase level. *CMBC's* new Stock Market Advantage GICs have terms of three or five years, your principal is protected, and there is no cap - if the S&P 500 rises, your earnings will rise right along with it. The return at maturity is calculated on the month-end closing levels through the last year of the term.

VanCity Savings has been selling its new TSE index-linked M&S since 1994. This year it also has a broad new

Last Minute Tip

It's RRSP Day and you haven't done your research. "If you're unsure where to put it, look for a double investment where you can get the tax deduction and double what you would expect to receive," says *Mark Matthews*, product manager for deposit products of *TD* Royal Trust. A good plan is to park the cash - ideally - in a money market fund. These funds invest in short-term treasury bills and other forms of cash. Now, most will make deposits on what's happening with interest rates, but you'd get a better return on your money than with any other short-term investment. A daily interest savings account, for example, with virtually no risk and you can create it at any time. Plus, most money market funds have a "best" or "minimum." If someone tries to sell you a money market fund that does have a lock-in, try to get a better deal or shop elsewhere. Don't put your money there and then forget about it, though. Over the long term, as interest rates fluctuate, money market funds don't offer good growth.

TRADEERS' PROFILES

Canada's insurance industry has its share of stars, yet some of the best known players aren't, not on *Shark*, but next door to *Baywatch*. We asked the investment bankers on *Global's* hit show *Shark* how they like their RRSP contributions. (We take no responsibility, however, for the advice of financial wizards.)

SALLY ROSS

Senior partner, *Greenberg Ross*

My strategy: Always deposit the total I'm eligible for at the beginning of the year. Every day I am less volatile and unpredictable the money you've got. For investing to stick with fixed income investments and stay away from equities, with a few exceptions.

The only stocks I have are through mutual investment mutual funds. I don't move my own money in companies that have questionable balance sheets or in business with repetitive cycles. It's a personal choice. But I'm concerned that my RRSP is growing too slowly because I don't have enough equities. So I found an investment counselor who likes my values, and I plan to move more into equity mutual funds this year. They feel like a comfortable way for me to invest in the market.

"TRADERS" PROFILES

ADAM CUNNINGHAM
senior partner, Guraian/Ecke

The key to running your RRSP is to know yourself. Know what kind of investor you are, the risk you're comfortable with, what your ultimate goals are. Then come up with a strategy that will get you there. When I started my first job after college, my father set me up with an investment adviser who came up with a plan. I revisited it several times since, and I never hesitate to get a second opinion from a professional. At the same time, I also believe investing should be fun. My diversification is many risky stocks and small stocks, and I always like something a little speculative. Right now it's precious metals funds. But it doesn't necessarily fit in anyone who doesn't have a solid understanding of the markets and their own comfort level. That of course, what do you say?

Global Exposure index-linked RRSP that's based on North American, European and Pacific Blue stock market indices. Scotiabank's new G7 Stock Index GIC is based on the performance of the Group of Seven countries. Profits are capped at 30 per cent with an option to lock in after two years of the three year term.

Bank of Montreal's MoneyMarket Savings Portfolio is 70 per cent GICs, 30 per cent diversified income and bond funds. "To help people who are used to GICs and don't want to make the big jump into mutual funds," says Bank of Montreal vice-president, personal deposits, David Schwartz.

From the federal government is coming into the marketplace with the introduction of the Canada RRSP Bond, which will be on sale later February 3 until April 1. Designed to help Canadians save for retirement with a guaranteed longer term, fixed rate investment, it has many features that are similar to Canada Savings Bonds. The Canada RRSP Bond can be bought at authorized sales outlets such as banks, investment dealers, stockbrokers, trust and loan companies, credit unions and caisses populaires. RRSP Bonds application forms can be picked up from selected financial institutions, downloaded from a website (www.rppc.gov), or obtained by calling 1-800-515-5151.

Meanwhile, there are still the other, less familiar fixed income investments such as government, corporate and revenue bonds, mortgages, mortgage backed securities, strip bonds and international government bonds. If you are uncomfortable dealing with these instruments on your own, you can invest in them through mutual funds.

Equities and Mutual Funds

Mutual funds continue to provide the easiest of the new funds

WHAT DO WOMEN INVESTORS WANT?

Women are currently the largest growing group of RRSP contributors. In 1979, 560,000 women put \$300 million into RRSPs. In 1992, 2.1 million deposited \$3.25 billion. "There's a whole market of professionals that wasn't there 20 years ago," says Linda White, managing director for learning in private client financial services at Scotia McLeod.

In response, many financial services companies are focusing on women as a market that should be developed and offering workshops and information designed for them. But do women actually need this special attention? "People often ask, aren't women more the same as men?" says Elizabeth Hayle, vice-president of marketing at Thannick Investment Management. "The answer is that it is no, because women live, on average, eight years longer. They need their money to last longer. The second factor is many of us have been in and out of the workforce because of having children. Plus often women don't qualify for company sponsored plans because they've been working in short-term positions or in contract."

In spite of their greater need, Thannick discovered that women tend to pursue a conservative, low-growth investment strategy. Only 32 per cent own mutual funds in their RRSPs, compared to 36 per cent who chose bond funds. Hayle says Thannick based in on two issues that came up in research. "They were afraid of risk, they didn't understand it and didn't know how to manage it. Secondly, there was a reluctance to seek out independent financial advice."

Thannick responded with their "Appreciating Your Worth" program – standard information but presented in a friendly, personal way that women found more acceptable.

Scotiabank's McLeod holds special investment seminars for investment advisers and White is involved in training staff to be more aware of women's needs. "Women are so focused on relative safety. Women's main priority is want is best for you. For women it's even more important. So you may want to take a little extra time. And women will do the last before they make decisions."

After frequent requests from clients, Cheryl Most, an investment adviser at Perimeter Securities, recently started a series of classes for women investors.

"Many—but not all—women find it more comfortable to discuss these issues with other women rather than in a mixed group," says Most. "Plus, women have a strong desire to learn more."

But while the delivery may be different, the information and advice offered in men and women remains the same. Hayle and White both stress the suggestion that women have an easier psychological disadvantage to handling their money. "I think it's dangerous to generalize," says Most. "The women I've dealt with have had as sound approaches as the men. I've had women who were very aggressive stock挑者, and I've had women who were very intimidated by the process."

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are more specific to their focus, but most still fall into clear categories. Here is a roundup of the main types:

- Equity funds offer good opportunities for long-term growth but they can be risky. Many funds today focus on particular types of companies, all of which have different potential for growth and different levels of risk.
- Large, successful blue chip companies that are likely to have slow but steady growth;
- small companies, known as "small caps" that may grow quickly (or may not);
- a cross section of companies listed on a particular stock exchange;
- Canadian companies;
- foreign companies from around the world;
- foreign companies in a particular part of the world where growth is expected (but may not happen);
- companies in a particular sector of the economy, such as natural resources or technology; and
- companies that pass strict ethical or environmental standards.

Bond funds invest in preferred shares of companies, which means you get an income from the dividends paid by the company, as well as benefiting from the increasing value of the stock.

Bond funds invest in government and corporate bonds, trying to get the best interest rates possible. Some funds invest in bonds or focus on foreign bonds. It's important to understand that having a bond fund is not the same as owning a bond. You don't get automatic interest, though the money made on the bonds is usually reinvested in the fund. When interest rates go up, your shares are actually worth less because the fund is full of bonds with rates at the old, lower rates. Conversely, when rates go down, your bond fund is worth more because it has the old, higher rates. Although they are less risky than equity funds, bond funds can be volatile.

Balanced funds give you a little bit of each, both fixed income investments and equities.

Mortgage funds bring in a regular income by investing in commercial and residential mortgages. Because the money is invested in mortgages of varying ages at various interest rates, you will not suffer loss much – or benefit dramatically.

From thoughts to action rates. Mortgage funds are low risk, especially those offered by financial institutions, but make sure the mortgages are backed against default by the National Housing Act.

These are the most common types of mutual funds, but there are others, including real estate and precious metals funds. So make sure you understand the risks of a fund and how it works before investing.

If all that is still too confusing, companies that sell mutual funds are trying to make it easier. Several will add a portfolio made up of a mixture of funds based on what kind of investor you are.

Segregated Insurance Funds

There is one other type of financial institution that sells mutual funds – insurance companies. "For all intents and purposes a segregated insurance fund is the same as a mutual fund," explains Leslie McAdam, senior marketing consultant at Royal

Life Insurance Company of Canada. "But it falls under the Life Insurance Act. So we're required by law to offer some form of guarantee to the client." The most obvious of those is that, on the 10-year maturity date, the insurance company guarantees your holdings will still be worth at least 75 per cent of the money originally invested. In fact, some insurance companies, such as Royal Life, promise to preserve 100 per cent of your original capital (minus any fees you've taken out in the meantime). That's reassuring for many conservative investors.

What type of funds can you buy from an insurance company? Most carry the boring spectrum. Royal Life, for example, has a Canadian equity fund, a bond fund, a balanced fund, a global emerging markets fund, a U.S. equity fund and an international equity fund. "Some of the insurance companies have had some very good fund management and good returns," McAdam says. "Over the years, several have shown up in mutual fund analysis"

picks of the top performers.

Finding the right fund

These days it seems you cannot walk into your bank, turn on the TV or attend a public fair without being bombarded with information on mutual funds. The positive side is that both the media and the industry, eager to capitalize on the growing market

* TRADERS' PROFILES *

MARTY STEPHENS

Head trader, Gardner Bros.



I run a trading floor. Our personal investing? Huh. I invested about \$100,000. Ten years ago I bought some penny stocks on a tip. They never got off right, but I got lucky and by the time I redeemed them, they were on the toilet. Our retirement savings went in the toilet along with them. For a while, though, I was saving to go home. So I saved a tidy bit of money in back after my RRSP. One of the last of the small-cash brokers, I'd never buy them on the floor – don't stop the cashiers. But I've got to admit that I do know what's left on the floor. We sell 'em, buy 'em, hold 'em. History. Eh? It's for the long term. Tip, the play's on cyclical, long-term trends at night.

retiree investments, are working hard at providing consumer-friendly returns.

The obvious place to look at evaluating a mutual fund is at the performance figures in Canadian newspaper. Look for tables that group similar types of funds together, so you are comparing apples to apples. Check the absolute numbers over a long period

-three years like yours, 10 years-and see how the various funds that category compare. It's also a good time to look at how a fund performed in each year, then you will see how much of a roller coaster you may be in.

Keep in mind, however, that these numbers only indicate how a fund has done in the past. A manager may leave, the market may change, and future performance may be totally different. A classic investor mistake is to buy a mutual fund at its peak without evaluating what got it there, only to watch the fund stagnate or decline.

The next obvious place to go for information is the prospectuses and reports issued by mutual fund companies. These reflect the investing philosophies and strategies of the various funds and their managers. When you are reading a company's description of their fund, keep the following questions in mind:

- What kind of research does the fund do before choosing an investment? How do they monitor a company's performance?
- Do they have right partners? For example, if it is a balanced fund, do they always have a 50/50 split between equities and fixed income, or do the managers have some flexibility to change that split?
- Does the fund limit the number of companies it invests in so that it can stay in touch with all of them, or does it prefer to spread the risk over a large portfolio of investments?
- Does the fund take a bottom-up approach of finding the most promising companies, regardless of the sector or geographical location? Or does it take a top-down approach of choosing regions and sectors of industries it expects to do well, and then choosing the best companies within those assumptions?
- Is there a lot of turnover in the companies the fund invests in? This may be an indication that the manager is a "market timer." While obviously it is ideal to "buy low and sell high," in fact that's extremely difficult to do over the long term. Endless books and research papers have been written on how to time the market, and yet there's still no clear evidence as to whether successful market timers are successful in something, or just lucky. Many who succeed initially in certain market circumstances will switch at quarterly decisions when the market changes. Common wisdom in the industry seems to be that while you constantly want to be aware of timing your buys, the long philosophy for the long term is to concentrate on good quality investments.

You should also consider what kind of service you will get from the company and how much you will pay for it.

- Do they give advice?
- Do they provide useful, up-to-date information?
- How frequent, reliable and complete are their statements? Do they show how your portfolio is divided up? Do they provide breakdowns that allow you to judge how well your investments are doing?
- Can you conduct transactions and get updates over the phone?
- Do they charge for transactions, maintenance, trades?

Know how much you are paying

If you buy from a commissioned dealer-as opposed to purchasing at par book value-you will likely have to pay that commission on the face of a "load." A front end load is paid when you buy the fund. Back end loads are redemption fees which you pay and when you cash in your holdings. The amount you have to pay usually diminishes the longer you hang on to your funds.

* TRADERS' PROFILES

JACK LARKIN

Director of corporate finance, Gardner Bros.



For And RISPs or the past, I think I've still got some GICs somewhere or cyperbank. But anyone who knows me knows I'm not a money kind of guy. I tend to be kind of planning depending - plus I need the money for stuff. So I cash out and just go about it until I realize that I've lost more in costs than I've made. The best thing for me would be for Gardner Bros. to deduct from my pay cheque and put it in something that I can't touch so easily. It's a lesson, under Admin responsible for my comfortable retirement. Assuming he wants me to live that long.

Whether front-end, rear-end or no-load works out in your favour depends on a variety of factors such as how long you expect to hold onto the fund, how well it performs and how the deal is structured.

Companies like Alberto, Scoppe and Phillips, Meyer & North sell no-load mutual funds. While that is obviously attractive, remember that no-load funds generally do not supply any specific individual investment advice.

Whether load you do or do not pay you will have to pay an administration fee to the fund managers. This will be deducted from your holdings, usually from 0.5 per cent to 2.5 per cent. (John newton load funds charge higher management fees.) Other expenses are deducted directly from the earnings of the fund, so when you are figuring out how costly it is to purchase and own you need to take all these factors into account.

While it would be counterproductive to trade mutual funds constantly, only to end up spending more in fees than you will make, you shouldn't just forget about them either. Jean Smith, chief financial officer of Beacon Securities in Halifax, chooses her funds according to a manager's style and performance. "Then I monitor the fund on a trailing two- to three-year basis. And I try to compare managers' performance, not only to the TSE and other managers but against what they said they'd deliver. I expect some underperformance. If there's a sustained period I want to know why and what's being done about it. I'm not satisfied. I switch."

Load Minimize Tip

Saturday, March 24 is your last day to contribute to your RRSP the 1996. When this last day falls on a holiday the contribution date is extended by one day. Saturday is not considered a holiday.

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His travel agent booked his flight, but his mutual funds got him here.



What are you doing after work?

Photo by Steve Forrest, a Incisive Pictures

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I'M NOT CONTRIBUTING TO MY RRSP BECAUSE...

In the last minute moments to get your contribution together, you may begin to question whether it is all worthwhile. Here are the solutions to a few of the most common reasons people give for not contributing:

I don't have any money.

There are various ways you can make a contribution, even if you don't have cash on hand. Other investments such as stocks or Ginnie Savings Bonds can be moved into your RRSP, although you will probably need to set up a self-directed RRSP plan to do this.

Another option is to borrow money. Of course, if you take out a loan you will have to pay interest on it, but if the taxes you save, plus the tax-free interest you will make, will远远超过 the costs of repaying it.

If you know you will be putting a refund on your income tax in a few months, use that to pay off the loan. Many bonds and bond companies offer good rates on RRSP loans and no payment options as long as four months by which date your tax refund should have arrived. CBC's RRSP Primer Rate Loan offers deferred payment for 120 days in 7 provinces except Quebec. The Bank of Montreal has an instant loan program for RRSP contributors that gives you automatic approval on amounts up to \$7,500 at the prime rate. However, you should only take out a loan to contribute to your RRSP if you have a good expectation of being able to pay it back on time.

If none of these options work for you, remember that you can make the contribution in a later year and deduct the contribution on that year's tax return. So if you have missed in earlier years, try to make it up later.

I do not want to put money in my RRSP because I might need it later.

Unless your RRSP money is in some kind of locked-in investment, such as a term deposit or GIC, you can take it at any time. In fact, an RRSP can be an excellent way to save for a substantial amount to school and a good backup for your savings such as job loss or unpaid pregnancy or sick leave. You will have to pay tax on the money when you take it out, but if your income is low or non-existent, it will not be very high in the meantime, your savings will have been growing at a greater rate because, unlike an RRSP, they are not taxed.

Do you feel afraid getting into the habit of saving in your RRSP, however, or you risk losing old age on a tight budget?

I'm afraid I will invest in an RRSP and lose my money.

This is a legitimate concern. You can measure yourself by getting good advice, checking your strategy through, and never investing in anything you don't understand. Legitimate investments are protected by law.

The Canada Deposit Insurance Corporation insures up to \$60,000 of your deposits with any one of its member charities - banks, trust companies and trust companies. An additional \$80,000 of protection is available for eligible deposits held within registered plans such as RRSPs and RRIFs.

However, only certain types of deposits are eligible for protection, these include chequing or savings accounts and term deposits such as GICs repayable no later than five years after the date of deposit. To be eligible for protection, deposits must be payable in Canadian currency.

If you are not sure that a particular investment or financial institution is covered by the CDIC, you can call and check toll free at 1-800-481-2542 or go to their website at www.cdic.ca. Mutual funds and stocks are not protected by the CDIC, but there are various laws and regulatory requirements in place to protect against any bankruptcy.

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I'd rather pay down my mortgage.

In some cases paying down your mortgage does make more sense than contributing to your RRSP. Here are some of the factors to consider:

Which is higher: the return you are getting on your RRSP investments or the interest you are paying on your mortgage?

If your income class or drop predicatedly than your interest has dropped, you are being taxed at a low rate and the deduction you get from an RRSP contribution may not benefit you as much as paying down your rates. If your income is high, then the opposite may be true.

How far away is retirement? The longer you money compounds, the less it is in an RRSP, the better off you will be.

What expenses do you anticipate for the future? If you will need a good cash flow in the years to come, paying off your mortgage now may make more sense. How long does your mortgage run? The longer you repay the principal, the more interest you'll save.

Your financial advisor should be able to help you figure out which makes better financial sense. Mostly, you may be able to do both. For example, you can contribute to your RRSP and use the resulting tax rebate to pay down your mortgage.

I can always put it in later.

Currently, the government does allow you to carry forward the contributions you missed guilt-free but that's changing. You'll be able to get that much cash together at some point in the future. Plus you'll miss out those points of loss, tax and lost compounding interest that can make the difference between a comfortable and an uncomfortable retirement. And, of course, governments have been known to change the rules.

I've always got a company pension.

There are not many people left who feel completely confident in either the company plan or their own defined contribution plan. "If someone is a 20- or 30-year employee with a pension, they may feel like a good pension," says Laura Blitman. "But even if you have that kind of security you may be overestimating how much income your pension will actually bring you."

I've turned off all the lights around RRSPs.

Take any business, company or the personal finance industry will pitch their products to you when you need them. That doesn't mean that putting money into an RRSP and never liquidating different products and sources of advice is a bad idea. If you feel overwhelmed by the onslaught, the best way to deal with it is to contribute to your RRSP all year long and review your investments on a regular basis.

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Dateline WASHINGTON



By Andrew Phillips

Canada's post-Castro dilemma

He travels around Miami in a bulletproof Mercedes-Benz. He once challenged a city official to a duel with pistols, and worked with a loaded .357 Magnum on his desk. He started out as a penniless refugee and amassed a fortune now estimated at more than \$100 million. He has had extraordinary access at the highest levels of the US government for 15 years, including regular meetings with the past three presidents. He is someone Cubans should know more about.

Jorge Más Casto is, arguably, the second most powerful Cuban in the world. No one would dispute that his arch-enemy, Fidel Castro, is number 1. But as founder and chairman of the Cuban American National Foundation (CANF), Más has a uniquely influential role in shaping the United States' unyieldingly hostile policy towards Castro's communist government. His organization is the biggest, richest and most effective group among the 1.5-million-strong Cuban-American exile community. More than any other individual, according to a new study by a Washington think-tank, the Center for Public Integrity, he cleared the way for passage of what has become the thorniest issue dividing the United States and Canada: the Helms-Burton Act. And he and his allies have some sobering advice for Canadians who are rubbing their hands at the profits they are making in Cuba while American companies are forlorn from doing business there.

Más's story is a classic émigré American tale. Now 57, he was arrested as a young man in Havana for putting up anti-Castro posters. In 1960, he fled to Miami. The next year, he took part in the botched Bay of Pigs invasion by anti-Castro exiles. Back in Miami, he washed dishes and递送了 food to sailors before eventually forming a construction company that made him a fortune. He watched as rival Cuban exile groups fled and fought it out in the streets with guns and bombs. In 1980, he led the creation of CANF, a millionaire organization aimed at countering the perception that Cuban exiles were thugs and terrorists. And he launched a campaign to gain influence in the White

House and on Capitol Hill—what he called "a battle at Washington." Over the next decade and a half, CANF became one of Washington's most effective lobby groups, advancing rates and norms \$4.5 million in campaign contributions to sympathetic candidates.

Its crowning achievement is the year-old Helms-Burton Act, which tightens the screws on Cuba while offering Americans' allies seeking to punish foreigners who do business there: Cuban-American leaders



Más: arguably the second most powerful Cuban

watched in despair late last month as Foreign Minister Lloyd Axworthy travelled to his office for his well-publicized tête-à-tête with Castro. Axworthy faced with the dictator not once, but twice, and heard assurances that Canada is really a very, very valuable friend of Cuba. To be sure, human rights were also on the menu for the Axworthy-Castro meeting, but they were very much a side dish. The accord the two governments signed compelled them only to co-operate on human rights through seminars and exchange programs. Compared with the much tougher approach coming from Europe, in December, the European Union linked its demands to Cuba directly to improvements in human rights and advances towards democracy. Spain, once Castro's main cheerleader in Europe, went further. Under conservative Prime Minister Jose Maria

Amar, it halted \$68 million worth of credits and delayed \$4 million in aid to protest Cuba's failure to move towards democracy.

The Europeans did all that while standing just in line in Canada against the unscrupulous provisions of Helms-Burton that would penalize foreign businesses in Canada, in contrast, come across in the United States in being all too eager to pique Washington in the eye—and not just among die-hard anti-Castroites. Even The Washington Post, which opposes the U.S. embargo against Cuba, commented caustically that Canada's gestures towards human rights there "pale against the boost the Amwayish mission gave to trade and other respects regarding castastas."

Right now, of course, Canadian, European and Mexican companies are stealing a march on U.S. firms. Canada is among the top three foreign investors in Cuba. And two-way trade is flourishing, at about \$550 million a year. (To keep that in perspective, though, consider this: Canada and the United States do that much business by luncheon every day of the year.)

The problem will come down the road, when Castro departs the scene and Cuba makes its inevitable transition to a market economy. No one knows exactly how that will happen, or who will end up in charge. But Cuban-Americans and other Cubans left up with the oppression and poverty the island now endures are not likely to forget who stood where in the waning days of communism. Mais has warned daddy that "we will never forget our Freuds. And we will always remember our enemies." CANF's Wellington director, Jose Cardenas, takes a lighter, but no less direct, approach. "There's going to be a new leadership with a new vision of things, and they're not going to look kindly at those investors who they feel exploited the country that created them," he says.

Cardenas thinks it is a horse race. "Investors whose policies reflect on a horse named Fidel Castro look good as long as he's alive. But in the end we don't believe he will win, and they're going to lose their shirts." Canadian politicians and businessmen concerned about their standing in a post-communist Cuba may want to listen—and hedge their bets.



WORLD JAMAICA

A trade in criminals

Bones Road is one of the roughest neighborhoods in Jamaica. "There have been over 40 murders in the past six weeks here," says Fr. Richard Albert, an Irish-American priest from the Bronx who has spent 20 years ministering to Kingston's inner-city poor. He is driving his black Mitsubishi Lancer down a maze of downtown ghettos—roads that have run into River City, a community corrugated from shacks built around the capitol's garbage dump. Stopping in a layover, Albert rolls in a rusty car whose bare chassis shows the scars of several bullet holes and knife wounds. "I haven't seen you in church lately," the priest says. "Soon come, father," the man answers, smiling. He is known as one of the most notorious snipers in the ghetto. He is also a deportee from Canada. "He'll kill anyone," says Albert.

The bullet-pocked criminal is one of thousands of convicted Jamaican lawbreakers who have been sent home from Canada, the United States and Europe. In Jamaica, they have become the targets of rising public

anger; some of it directed at Canada's policies. Often the returnees are desultory, many are dangerous, and, as a group, they are believed to be a prime cause of Jamaica's soaring crime rate. "We have had a total of 5,785 deportees—about 400 from Canada—over the past three years," says Owen Clarke, acting deputy commissioner of police. "Not all of these are criminals, but a lot of them are, and we know that they are contributing, whether actively or behind the scenes, to the increase in crime." Last year was the bloodiest in Jamaica's history, with a total of 985 murders, or 30 per 100,000—among the highest homicide rates in the world. It surpassed even the 860-plus killed in previous record year in 1986.

The wave of violence has shocked Jamaica during another rough period for the country. The economy is failing, foreign tourists are coming and there are signs of an exodus of upper-middle-class professionals to North America. And once again, elections are looming. The socialist People's National Party is in power, although without its

charismatic former leader, the ailing Michael Manley. But today it is the gun-wielding criminals, not local politicians, who often pull the shots—literally.

Jamaicans expect say many deportees have become masterminds of the underworld, directing local pimps who actually perpetrate the crimes. Barry Cheeseman, dean of social sciences at the University of the West Indies in Kingston, says there is a new pecking order among deportees: "They are becoming abroad gives them greater status," he says. "They can utilize their international network to acquire firearms from abroad." In some cases, the deportees have become the new doss, or so-called community leaders, of Kingston's once-segregated ghetto turf. Along with sophisticated weaponry, they have introduced the management techniques of North American and European gangland bosses.

Many Jamaicans view the deportees as a further burden on a developing economy with few resources to absorb them. "Can-

ada's policy of deporting lawbreakers helps fuel Jamaica's soaring crime rate

ada from Jamaica as a 27-year-old boy," illustrates the cross-border dilemma. Campbell's mother had never applied for him to become a Canadian citizen, an oversight that allowed him to be shipped back to the island of birth from Toronto last April at age 22. Campbell, whom his defenders term a "product" of the Canadian social and justice systems, had 16 convictions as a juvenile and 13 as an adult, on charges ranging from theft and narcotics violations to assault and possession of a weapon. A "fate

of dismal iterate," he arrived in Jamaica "pimply, barefoot, faceless and homeless," according to Jamaica's former commissioner of police, Trevor McMillan.

It did not take long for Campbell to get into trouble. A few weeks after his return, he was arrested for petty theft just outside Goba Blue, one of Jamaica's north coast tourist towns. A sympathetic judge dismissed the charge. But by September, Campbell was in court again—this time in Kingston—on more serious charges of commercial and residential burglary. He was sentenced to two years of hard labor in Kingston's General Penitentiary, where he is commonly known as "The Canadian."

Barry Bunting, president of Canada's National Council of Jamaicans, says a large number of the returnees were raised in Canada and have gone through Canadian schools and often the Canadian foster home system. "We don't condone crime, but they should be punished and repatriated here," says Bunting. "What they've learned to become criminals they've learned here. Canada is passing the buck to poorer countries because of a mercantile society." Bunting says Ottawa should allow the mostly unskilled young men to serve their time in Canada where they have family, rather than "dumping" them in Jamaica. And if they must be deported, he says, "Canada should help Jamaica set up a rehabilitation program."

Jamaica's deputy commissioner of police says his country does not have the money to offer jobs or training to the deportees. "So the easiest way for them to make money is through drug and firearms trafficking." Some 40,000 are down one week and back in Canada or the United States the next. They quickly change their identities with false documents, easily bought for about \$80 on Kingston streets.

The manager believes most deportees leave the country soon, but says that many who remain wind up at the top of the criminal hierarchy. "It's all about controlling turf, because when you control these neighborhoods, you control everything," says Albert, whose St. Patrick's Foundation runs five resource and training centers. "Kingston's ghetto has always been a dangerous place," he says. "But now it's really frightening."

What local call "tribal" politics began decades ago in Jamaica. Both the PNP and the Jamaica Labour Party traditionally played an equal role in giving out guns and political favors as a means of controlling individual electoral constituencies. Until the mid-80s, single geographic constituencies such as the 100,000-strong constituency in the town of St. Elizabeth, a power balance protected the status quo. Many Jamaicans strangled off the situation as "the rugbag," along for "the way things are." But under pressure from the United States in 1989, the then-ruling Labour party set out to destroy an industry that was a mainstay of

WORLD

the Jamaican economy: the trade in marijuana, or ganja. With Jamaica's hometown drug industry shrinking, Colombian cocaine cartels quickly moved in, using Jamaica's traditional smuggling routes and recruiting the local police. But the power in many neighborhoods passed from the police to their gun-toting former henchmen. And an index of foreign aid dependence to this already volatile scene "had the cause just take over," says Albert.

Al Navarro, a Canadian immigration counsellor at the high commission in Kingston, says Canadian authorities do not

keep track of reporters once they land in Jamaica. While Jamaica does have a legal process to transfer them, local police simply lack the manpower to carry it out. Chevannes thinks Canada and Jamaica should sign an understanding to work together on the issue of deportees, then recruit local Jamaicans as well as the cross-border natives of one of their criminal activity. "Offices like 'Legal training in firearms and drugs are masters of insidious, not necessarily violent, crimes,'" he says. These have been RCMP training programs for Jamaican police. But there is no

direct Canadian aid program designed to help Jamaicans absorb deportees.

Policeman Cheute believes the repatriation of criminals will buckles as the deporting nation as well. "The foreign country wants to reduce crime and shrink its prison population," he says. "But when this is done, the family that's left behind can end up deadlier and in worse." It's a no-win situation for everyone. "For both rich countries like Canada and poor ones like Jamaica, exporting criminals does not get rid of the problem."

MALHEUR SHERIDAN in Kingston and
NOMI ANGALA in Toronto

THE PERILS OF PARADISE

For Linda, a 19-year-old Toronto welfare recipient, an all-expenses-paid week-long holiday in a luxurious Jamaica villa, plus \$27,000 cash, was too tempting to refuse. So she was expected to strip 50 pounds of hash oil to her body and carry it back to Canada, someoneyleft at the time. But more than a year later, as she sat in a stiflingly hot visitors' cubicle at a Kingston prison, the deal no longer looked so sweet. "That promised week in hell," she sighed.

Linda, who did not want her real name used, is one of about 600 Canadian tourists, and 1,000 foreign visitors overall, arrested in Jamaica each year for attempting to smuggle drugs out of the country. "Most of them are young, financially strapped females," says David Martineau, a consular officer at the Canadian High Commission. "They are easy prey for drug traffickers who recruit in bars and visitors' offices with promises of good times and easy money. What they've never told is what happens when things go wrong."

Things went very wrong for Linda when, just as she was about to board an Air Canada plane home, she felt a tap on her shoulder. "I knew right away I'd been caught," she recalls. Site Surveyor, Jamaica airport security spotted her "very nervous" demeanor and difficulty walking—the oil was taped very tightly to her usually sunburned body. Until the mid-1990s, smugglers usually landed out of Jamaica with their load. Then, Washington, intent on curbing drug imports at the source, has economic and airport checks, and U.S. drug enforcement agents arrived to advise Jamaican authorities as they cracked down. But for many naive foreigners, the image—incorrect, in fact—of a relaxed attitude towards drug smuggling by singers like reggae star Bob Marley is the one that stuck.

The number of Canadian drug-concerned "tales" is hard to measure, but Jamaican authorities estimate that about one-third are stopped before leaving the island. Lillian Christie, honorary Canadian consul and a former Air Canada supervisor who is on call to go to Montego Bay port, confirms the high rate of capture. "We have an arrest every four or five days," she says. "Most are amazed that it has happened to them."



Jamaican prison, smoking ganja, seized tourists

For the rules, getting caught is just the beginning. Jamaica has no border police for foreigners, so they hot immediately implement. Once the airport, suspects are taken to the local "lockup" where they are held, pending a hearing, for an average of two weeks. Jail conditions have been condemned by Amnesty International and other human rights groups. Originally built to hold four people, Mandeville Bay's holding cells often bulge with up to 20 detainees at a time. Toilet facilities often are broken; there is a jedem-emptied communal bucket. Walking consists of a weekly hanging-down, food is barely edible. "Physical really hits when they see the cells," Christie says of the Canadian detainees.

Conditions are as the case. Most cases involve migrants in arrests, ranging from one soiled "sail" to 150 lb. In the past, some Canadians paid fees ranging from \$2,000 to \$15,000 and returned home, only to come back a few months later intent on doing the same thing again. But a year ago, Jamaica instituted a mandatory jail sentence of up to 12 months for marijuana trafficking, and there are harsher punishments for the increasing incidence of cocaine and hash smuggling. In some cases, "bachelors" cannot come up with money to pay the fine—they then have to fund the return back to Canada—so the inmates must serve时间. And the methods of the trade can be deadly. Four Canadians have died on their trip alone after ingested condoms filled with cocaine ruptured.

Recruits in Canada are well-organized professionals who know their targets and have close contacts in Jamaica. "The people who you pay up are only those that you deliver," says Linda. "If you're caught, you never hear from them again. They've already set up the next job." Jamaican police only follow up with their Canadian counterparts to catch the miscreants back in Toronto or Montreal.

At Fort Augustus, Kingston's harren jail for women, the sun-baked prison faces of longserves a stark contrast to the local image of inmates as they pose for a photo in the shade of a squat tree in the prison yard. Prison superintendent Acree Shuff points out that, in addition to Canadians like Linda, there are Americans, British, German and Colombian inmates. Walking about in their candy-striped cotton uniforms, they have plenty of time to think about how things are not the way they seemed when Bob Marley was around.

MALHEUR SHERIDAN in Kingston

direct Canadian aid program designed to help Jamaicans absorb deportees. Chevannes thinks Canada and Jamaica should sign an understanding to work together on the issue of deportees, then recruit local Jamaicans as well as the cross-border natives of one of their criminal activity. "Offices like 'Legal training in firearms and drugs are masters of insidious, not necessarily violent, crimes,'" he says. These have been RCMP training programs for Jamaican police. But there is no

World NOTES

ECUADOR IN CRISIS

Ecuador's defense minister declared a state of emergency in an attempt to subdue thousands of rioters who decried that President Abdala Bucaram abandoned Guillermo Carondelet palace. The Congress stripped the eccentric Bucaram of his powers on a wave of mental incompetence. At one point, there were three different leaders claiming the presidency: Cesar Davis, head of the Organization of American States, flew in to mediate.



JORDAN BLODGETT

A RUSSIAN WARNING

Russia's top two military chiefs warned that forming units and other maneuvers could cause the military to lose control of the nuclear systems that established the former Soviet Union as a superpower. The two also expressed doubt about President Boris Yeltsin's call to abolish the draft for Russia's 2.4 million-strong armed forces by 2000.

ISRAELI CHOPPER CRASH

Israelis recovered 70 soldiers killed in the mid-air collision of two army helicopters carrying troops into southern Lebanon. The country's worst military air disaster prompted health questions about whether Israel's presence in Lebanon is worth the cost in young lives. More than 200 Israeli soldiers have died fighting Hezbollah Muslim guerrillas since a so-called security zone was set up in 1985.

PAKISTAN CHANGES OVER

Pakistan's ousted prime minister Benazir Bhutto, suffered a crushing electoral defeat. Her Pakistan People's Party was only 10 of 217 parliamentary seats—the worst showing since 1988. Bhutto's archrival, former prime minister Nawaz Sharif, led the Pakistan Muslim League to a 134-seat victory.

PASSPORT TO BRITAIN

As Hong Kong prepares to celebrate its last Chinese New Year—the One-Under British rule, London announced that nearly 60,000 ethnic minority residents of the territory will be able to apply for British passports. The generation of 644 Indian and Pakistani communities in Hong Kong had lobbied for such a deal for years, having long lost rights to passports in the Indian subcontinent. Only ethnic Chinese will be allowed citizenship after Hong Kong reverts to Chinese rule on July 1.

RACE RIOT: Two mixed-race youths face police during South Africa's worst unrest since the end of apartheid in 1994. At least two people were killed as hundreds of protesters of mixed-race descent, known locally as "coloureds," burned tires, threw rocks and looted shops in the Johannesburg area, angry at what they see as unfair treatment. The riots began as a protest against rising water and electricity rates, which are higher than those in black townships. "First, we weren't white enough," said one woman. "Now, we aren't black enough." The ruling African National Congress accused the organizers of inciting the violence.

A new crisis in Central Africa

Carnage in Central Africa escalated just as Ottawa assassinated Cassius Woods, a 10 human rights observers to Rwanda and the United Nations High Commissioner for Refugees was to arrive in war-torn Zaire. After meeting with UN Secretary General Kofi Annan in New York City, Foreign Minister Lloyd Axworthy and the Canadian delegation would not depart until Rwanda took steps to guarantee the safety of international workers. Funeral ceremonies were held in Rwanda and Canada for Rev Guy Pizard, a 65-year-old Quebec missionary gunned down on Feb. 2. Two days later, four UN workers and their local driver were shot to death. The

Tutsi-led Rwandan government and several people had been blamed as ringleaders of the attacks, which have been blamed on retreating Hutsus who say whites will identify them for the 1994 massacre of Tutsis.

In neighboring Zaire, fighting between government forces and Tutsi rebels spread west from the eastern border areas. The United Nations said 6,000 of thousands of refugees were again trapped in the region. The rebels also claimed to have made gains in mineral-rich Shaba province further south. Algeria's Mohamed Boudjedra, UN representative for Africa, flew to the region to try to mediate as both Zaire and Rwanda.

Clinton pledges a balanced budget by 2002

U.S. President Bill Clinton proposed a \$149 trillion (US\$) budget designed to promote education and family life and eliminate the government's deficit by 2002. Congressional Republicans, who must pass a fiscal spending bill, were notably warier to the White House proposals than they have been in the past, aware that an impasse over the 1995 budget that led to government shutdowns had cost them politically. But they endorsed Clinton's economic projections as too optimistic and signaled aversion of negotiations on specifics. The President and congressional leaders agreed to an unusual summit meeting this week on the plan.

Gunning for gold

BY JENNIFER WELLS

Gregory Chayen steps into the warmth of a Toronto restaurant on a hideously blizzardy day, shucks his black cashmere Google Anorak overcoat, and settles into a long examination of a sprawling black leather-top sofa in which he has been seated a small part. The sofa is Bre-X Minerals Ltd. of Calgary, the company that discovered the massive gold-to-be-the-Duang gold properties—which spreads through acres of sprawling jungle in East Kalimantan, Indonesia. When it started, Bre-X had a predictable enough mining plot because small company funds are deposit. Stock goes through roof. Small enterprise finds big company to mine ore, deposit. Shareholders definitely happy.

But somewhere around Chapter 2—the small-company-first-to-the-company-part—the Bre-X story went into rewrite. From there, it became wholly muddled. Small roles were taken by Indonesian functionaries, big parts by warring corporations. And draconian roles were adopted by benevolence of Indonesian business tycoons. The closer one looks, the more confusing the Bre-X story becomes.

But not for Chayen, whose sight line is very clear. This may have to do with Chayen's role as the tale—that of shareholder. Before Christmas, 1994, Chayen made his first investment in Bre-X, purchasing 10,000 shares at \$1.75, a Christmas present for his son. Chayen was already a multimillionaire. A lawyer from Durango, Colo., Gert, who's specialized in coal litigation arising from motor vehicle accidents, Chayen liked to dabble in the mining game. His first big break was the Sulay Creek gold bonanza in northwestern British Columbia, in the summer of 1989. The exploring joint, Sulico Resources Inc., hit "an outcrop of a hole, one hole of a hole," as Chayen says. In that instance, the plot has obviously followed its predictable course. Vancouver-based Phosco Corp. had bought out Sulico, once a piddling stock at 80¢/84 a share. "Well," says Chayen, "that check was enough to pay the insurance, the debt, taxes on the gains and some property tax, working costs."

There have been other goldmines before Bre-X. In fact, Chayen, just 47, has done so well that his wife retired last year and moved to a country place in Ancaster, north of Toronto, where they took up the game of golf. They dabbled with shares in Diamond Fields Resources, the company that stumbled on the massive Moxy's Bay nickel find, although that was just small-scale—yielding just enough gold to buy a sports car. But nothing can



What the Bre-X CEO could know if all the Indonesians decide to appropriate

match Bre-X, which had an exhilarating run up to \$200 before a 10-day stock split. The property's gold potential grew bigger and bigger. Chayen thinks that Duang is not 80 million ounces—the reserves the company has already staked—and not 100 million ounces—an estimate that most analysts seem comfortable with—not 400 million ounces. Maybe 500 million. That's \$200 billion worth of gold. "The size of the company," he says, "could be absolutely mind-boggling. We're talking an IBM. We're talking a General Motors. That's what we're talking."

Chayen's Bre-X play eventually grew to more than two million shares. Bre-X now has about 1.2 million, an investment worth \$20 million at last week's market price. He is, as they say, out of water on part of his investment. After Christmas, he bought 300,000 shares at \$29.50. Last Friday, Bre-X closed at \$21.30. "The price is a lot to cash, which my wife has strongly urged me to do," he says. Then he laughs. "Her last, she says, is the cash. My half is left as [Indonesian President] Suharto's harem."

But Chayen does not really find this very funny at all. In fact, he is hopping mad. He is leading a shareholder revolt on behalf of a group of investors who probably do not hold, collectively, much more than two per cent of Bre-X's stock. "This voice of this little mouse is much bigger than the mouse," he says. Chayen himself holds half of that two per cent. He has retained a U.S. legal firm to represent the group. They target a Barrick Gold Corp. of Toronto, which, argues Chayen, pre-empted that gesture when it was



The plot thickens in the battle for Busang

announced last November that Barrick would be taking the controlling position in Busang and developing the mine. The deal appeared to eliminate any hope of a bidding war, or the formal entry of the IFC and Phacer Durian, which wants control of Duang as badly as Barrick does.

Ever since that terrible day in November, says Chayen, Indonesians have been riding an emotional roller-coaster. "We've seen people tell an entire position on Friday and buy it back on Tuesday," he says. And for that, he holds Barrick responsible. "Our position is that Barrick's raiding in Bre-X is economic interests—commercial interests—in Indonesia resulted in that state of affairs, resulted in dismantling. And it wouldn't surprise me if in the end the losers of that class of people are in the new few billion of dollars," Billions? Billions?

And so Chayen himself is adding to the texture of the Bre-X tale. From Baker & Botts in Houston, the low-key Chayen returned to represent the shareholders' lawyer, Tom Agius, who has been dispatched to Jakarta. He has now been there a month, trying to piece together the Bre-X puzzle. Back in Canada, Chayen is lobbying to get the Royal to negotiate about Barrick's manufacturing. Last week he sent a letter to Indonesian plywood tycoon Muhammad (Hedi) Hasan, requesting an audience. He is immensely frustrated. "These guys have found the biggest gold mine in human history," he says of the Bre-X guys, CEO David Walsh and protege John Feltzberg. "It's not [Barrick CEO] Peter Munk. It's not any of the guys at Barrick or Phacer. It's not the Indonesian government. All the Indonesian government

did was welcome the people of Bre-X to come into their country with open arms to explore this jungle, this desolate jungle in the middle of nowhere."

Time grows short. The Indonesian government has said that Feb. 17 is the deadline by which Bre-X must reach an agreement with an Indonesian partner. The Indonesian partner is the aforementioned Hasan, which is why the under-bidder has become a key character in the saga. If a deal is not struck by that date, the possibility looms that the Indonesian government will expropriate the property. Who'd be another reason why Chayen thinks that all shareholders who invest in developing regions had better sit up and take notice. "If the Barrick deal gets translated or a monopoly gets translated as if Bre-X gets expropriated, the Indonesians are going to pay a heavy price in the world of capital markets and in public opinion," he says.

Just last week, Chayen turned down an offer to get into a new issue at bre-X's current price, 65 cents a share for yet another mining junior hoping to strike Rich. Chayen was offered 100,000 shares, A \$50,000 investment, in Chayen, much money. But he would not do it. "It's not as acceptable," he says.

Developments in Jakarta over the past week will help to determine whether Chayen over-charges his rate on this. He is now thinking of heading there himself. He appears to be about the only one in the game who has not gone. Last week, Placer CEO John Wilson met with Jerry White, Hasan's Caradahorn managing director, in the Indonesian capital. Wilson is still pushing hard to have Busang acquired. On Feb. 3, he submitted Placer's third proposal to cut: "It's in the game," it's on the table," he says of his bid. "There's a chance we will be in contention." Says Wilson of the environment in Jakarta: "It's very concerned. You can feel the competition." He says his expectations are "higher than they've ever been."

Last Friday, Barrick summoned Bre-X negotiators to its east Jakarta house. The call was unexpected, but no one turns down Bob Ishaq. There followed a conference call with Bre-X's Walsh at his Nassau home. They failed, again, to nail an agreement, to Walsh's disappointment. One insider says later that the "three" parties were talking. He means Hasan, Bre-X and Barrick. That is not what Chayen wants to hear. "If there is absolutely as right, whatsoever other than the wham of bureaucratism and dictates, I think situations like this will very soon be foreclosed from using our capital markets," he says. But then he takes a different tack. "I will not accept that," he says. "The message Indonesia must to deliver." He should soon know for sure. □

These guys found the biggest gold mine in history'

Chayen angry about Barrick's meddling

Stirring up a batch of trouble

It was the kind of cold-blooded dagger operation usually reserved for international spies. Masterminded by an angry coalition of beer companies, pub owners and bottlers, the mission had one objective: to blow the bottle cap off British Columbia's burgeoning brew-it-yourself industry. As part of the investigation, a team of private detectives visited several stores where patrons make their own beer and unscrupulously hired employees as they performed work that, under B.C. law, should be done by customers. "This is not hobby brewing—this is out of control," charged Ian McConnell, executive director of the Western Brewers Association. The revelations last spring enraged owners of make-your-own-beer and wine stores. "How dare these people send agents to entrap hard-working people?" protested Dick McVicar, secretary of the Victoria-based Hobby Brewers and Vintners Business Association. "Where are their scruples?"

The cascading battle between British Columbians' commercial beer makers and the province's U-brews shops has all the nastiness of a barroom brawl. The breweries maintain they cannot compete with an industry that is virtually unregulated and offers its products tax-free. Currently, a 12-pack of kegs averages \$14.60 in the province. Drinkers who use a U-brew's store's equipment and advice to mix, ferment and bottle their own beer pay about \$8.40 for the same quantity. "All we want is a level playing field," says McConnell. "If the government isn't going to tax U-brews, we shouldn't be taxed either."

After months of lobbying by both sides, the province is now stepping in to referee the quarrel. Tex Barnard, a former general manager of the B.C. Liquor Distribution Branch, is reviewing some of the province's legal regulations and expects to deliver a report to Attorney General Ujjal Dosanjh late this month. But Barnard's findings are unlikely to satisfy the commercial brewers' thirst for reform. Dosanjh has already said that the probe will not focus on whether the product of U-brews should be taxed. As recently as December, Premier Glen Clark promised to keep the tax rate at bay. "I

don't like the idea of whacking people who brew their own beer and wine."

British Columbia and Ontario are the only provinces that allow beer and wine losers to make brews outside of their own homes. But British Columbia is alone in not taxing beer and wine made at U-brews, and the late of late-freedom beer has fuelled the tremendous growth of the B.C. U-brew industry. From one store six years ago, the sector now

deserves to tax U-brews. "It would just be another government tax grab," Lynde Lawrence says. Melville adds that a tax would put many U-brews out of business. "It will hurt the industry in the part that there will be layoffs."

That is what happened in Ontario in 1993, when the province slapped a 38-cent-per-litre tax on U-brews. Within a year, the industry shrunk from 250 stores to about 130, says Wade Borden, vice-president of the Ontario-Pennant Association of Ontario. Surviving stores saw their sales drop by 60 to 65 per cent. Alarmed by the decline, the Ontario government reduced the per litre tax to 13 cents, where it stands today.

While many U-brews in Ontario continue to struggle, make-your-own-wine operations are thriving. About 300 such stores have opened in the past two years. Borden says that wine-making shops enjoy lower overhead costs than U-brews, and that consumers show less resistance to the tax because the wine is made in smaller batches.

Still, the industry's growth has raised the ire of commercial wineries. Although sales of Ontario wine rose 11 per cent last year, the increase could have been higher were it not for competition from do-it-yourself operations, says Linda Franklin, executive director of the Wine Council of Ontario. She says she has heard rumors that some store owners are breaking the law by peddling their wines to restaurants. Franklin also objects to the way some shops advertise their services: one store in Oakville, Ont., runs a "Frequent drinker" program that gives customers one free batch of wine for every six batches they make.

Some B.C. brewers vow to take matters into their own hands if the government does not tighten the rules on U-brewers. Jim Sleeman, the chairman of Guelph, Ont.-based Sleeman Breweries Ltd., says he has already instructed executives at his company's B.C. subsidiary Okanagan Spring Brewery, to explore the idea of opening their own U-brew shop. "If the government isn't going to stop these unfair practices," Sleeman says, "then they should let us all play."

B.C. breweries push for a clampdown on do-it-yourself beer stores



SHOP AT A HASSOCER U-BREW: THE OWNER IS AS RECENT AS APPEARING AT THE

beers-and-wines-making establishments. The Western Brewers Association claims U-brewers now account for 16 per cent of the province's beer market. "It's not little men and pop-up operations any more," says McConnell. "It's big business." Hobby Brewers' Melville, however, estimates that the U-brews' share of the market is around two per cent.

Melville acknowledges that some U-brewers break the law by, for example, making beer for their customers. New regulations, he says, should prevent that by clearly defining what store employees can and cannot do. But he warns that any move to tax beer made in U-brews stores would make a consumer revolt.

Lynde Lawrence, a 24-year-old physiotherapist from Vancouver, endorses what she and her husband say they will go back to making beer at home—which is legal everywhere in Canada—if the province

JOHN SCHOFIELD with
LORRAINE ANTHONY in Vancouver

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The Bottom Line

Money and influence

Henry Kravis isn't the first name that springs to mind when you think of philanthropists. Kravis was the quantatative 1980s Wall Street maven, a "master of the universe" who formed one of leveraged buyouts and junkbond financings. But these days, one of his pet projects is a \$57-million fund dedicated to urban renewal and job creation in the beleaguered outer boroughs of New York City. While some critics suggest that Kravis is engineering a political power grab, he wants what the joint wants to give something back to his community.

In Canada, a similar scenario is playing out in the money groves of academic at the University of Toronto. Concerned about the tilt of government budget cuts on the university's business school, financier Joe Rotman offered up a \$15-million endowment. As with Kravis, critics voice concern about the terms of Rotman's donation and the implications for the faculty's freedom in setting the curriculum.

Rotman and Kravis are on the cutting edge of a trend that is sweeping North America: governments are shedding as many traditional functions as possible in a frantic bid to cut spending. And they are handing over control to anyone willing or able to pay for it. Central governments, in particular, are vacating a mounting pressure from regional and special-interest groups to divest some of their traditional authority. But even as various levels of government race to download a growing array of programs and services to the private sector, grave conflicts and complications are emerging.

Canada, to date, has not gone as far as the United States. Rotman is in the process of terminating off a contract for the administration of its \$70-billion-a-year state welfare system. About 20 other states are considering similar steps. It costs the 50 U.S. states about \$40 billion annually to administer \$19 billion in social programs. They want to contract out that work to a private manager. As a result, profit-driven ventures will suddenly rest on much of the power traditionally vested in the state.

The problem is that companies are accountable principally to shareholders, many of whom have notoriously short horizons when it comes to measuring returns on their investments. By contrast, the state is accountable to voters and is supposed to consider the big picture over the long term.

Another risk is that essential social institutions are increasingly at the whim of volatile financial markets and the cyclical fortunes of private-sector companies. In the past, the business community generated goodwill and publicity by funding such society good-guys as jazz festivals, international disaster and aerospace competitions. Now, bodies like health care and education are becoming dependent on corporate largesse. Of the \$128 million allocated for charity by Canadian business in 1985, 21 per cent was for health care, 28 per cent for education and 22 per cent for social services.

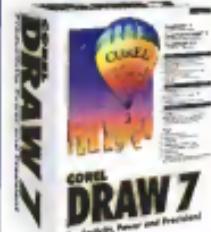
Indeed, only 12 per cent was for museums, galleries or the performing arts. At the same time, data gathered by the Canadian Centre for Business in the Community reveals an unsettling pattern: 66 per cent of donations were made because they enabled with a corporation's business objectives. About 40 per cent of donations were made because of a CEO's personal interests (such as those in charity causes that aren't statable or that, however important they may be).

In theory, Bill Clinton is correct when he hails the death of "big government." Certainly, the unravelling of generations of established duplication and red tape is long overdue. But there is a grave danger of taking the process of decentralization too far. For one thing, capitalist companies aren't equipped with the staff or the infrastructure to negotiate with banks on social responsibilities. For another, their agendas frequently conflict with the collective good. Who appointed Henry Kravis the mayor of New York City, anyway?

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HIRSCH LEAVES FIDELITY

Wimona Hirsch, the star mutual-fund manager who left Invesco at Fidelity Investments Canada Ltd., left the firm to "pursue outside opportunities." Hirsch, 41, was removed as manager of Fidelity's North fund amid controversy over personal issues prior to joining the firm. Fidelity did not say if it had paid Hirsch a cash settlement.

NEW CAR FOR CAMBRIDGE

Toyota Motor Manufacturing Canada Inc. plans to assemble a new two-door coupe at its plant in Cambridge, Ont., beginning in 1998. The automaker will spend \$400 million to expand the plant and will hire 1,000 workers, bringing the total workforce to 3,200.

TELECOM TRADE LIMITS

Ottawa vowed to hold the line on foreign ownership of telecomcommunications and broadcasting companies. Foreigners are now limited to a 49 percent stake in the Canadian telecommunications and broadcasting sectors. Telecommunications talks are set to conclude this month at the World Trade Organization in Geneva.

WHERE ARE THE WOMEN?

More Canadian firms are opening their boardrooms to women, but they lag far behind U.S. corporations. In Canada, 9.1 per cent of companies have at least one female director, compared with 10 per cent in the United States, says Spencerquist, an executive-search firm. Only nine per cent of Canadian boards have women.

SOTHEBY'S SCANDAL

Sottheby's, the world's largest auction house, was rocked by allegations that senior staff had helped to smuggle an Italian masterpiece. Two employees were suspended after a checkmating crew fired a Sottheby's official in Milan offering to smuggle an Italian painting to London.

BATTLES IN THE OILPATCH

Gulf Canada Resources Ltd. of Calgary increased its hostile bid for Clyde Petroleum PLC to \$1.1 billion. Clyde, based in Edinburgh, rejected Gulf's earlier bid of \$1.07 billion. Meanwhile, the Ontario Securities Commission ordered Canadian 88 Energy Corp. of Calgary to suspend its \$105-million bid for Calgary-based Monson Petroleum Ltd., while regulators probe whether Canadian 88 broke takeover rules.

Wall Street wedding bells

Get ready for more big-money mergers in the world of high finance. That is the prognosis in the wake of a \$12.7-billion merger between Morgan Stanley Group Inc., the pan-regional division of Wall Street investment banks, and Dean Witter, Discover & Co., an aggressive retail brokerage house. The new company, known as Morgan Stanley Dean Witter Discover & Co.—will be the largest U.S. investment firm, with \$350 billion in assets and \$12.2 billion in equity, surpassing Merrill Lynch & Co.'s \$8 billion.

The merger is expected to lead competitors scurrying to their boardrooms to chart strategy and search for possible partners. As individual investors pour their savings into stocks and equity mutual funds, investment banks are increasingly shifting their focus from institutional to retail clients. The race is also on in the United States to beat the large banks before securities reforms allow them to buy brokerages and fund companies.

Eggerton backs down

At Eggerton's bank was apparently worse than his bite. Although he failed to catch a month ahead challenging Washington's Helms-Burton Act, the trade minister now says he will wait to see how the European Union fares in its fight against the U.S. trade law. The controversial legislation allows Americans whose Cuban holdings were expropriated



Dean Witter headquarters: ripe to the altar

of the Canadian government to sue foreign companies that are new breeding from the property. Last month, after President Bill Clinton removed a six-month suspension on legal action under the law, Eggerton vowed to challenge Helms-Burton under the North American Free Trade Agreement. Analysts noted that Eggerton's change of late followed an outburst of U.S. anger over Foreign Minister Lloyd Axworthy's rooming to Cuba.

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FINANCIAL OUTLOOK

The pace of job creation slowed to a crawl in January, with only 5,100 net new positions across the country. The unemployment rate was unchanged at 9.7 per cent. One good sign: the number of full-time jobs rose while part-time employment declined, a development that should bode well for the recent increase in consumer spending.

With overall job creation still weak, the Bank of Canada is likely to try to keep interest rates at current levels regardless of U.S. trends.

"Even with the January job, we still look for job growth to accelerate through the year, putting the unemployment

rate down to 9.6 per cent by December 1997," says Neil Burns.

"Business confidence has jumped to an all-time high, and firms are looking to hire more. A second consecutive rise in January points to better job prospects."

—Scotiabank

EMPLOYMENT

No change in jobs, January, 1997

Part-time
27,000

Full-time
32,000

Source: Statistics Canada

The Nation's Business

Peter C. Newman

Pettigrew's progress—a crusader in motion



When Jean Chretien finally pulls the plug and calls the McMillan Election later this year, one of his few campaign goodies will be the wording, if imperceptible, plus tax relief to relieve child poverty. By grafting tax relief to the issue of five families who live below the poverty line, at least a start will be made in re-solving our greatest national disgrace.

The architect of that scheme, which will have a dollar tag attached to it in Paul Martin's \$15 budget, is Human Resources Development Minister Pierre Pettigrew. Last month, he hammered out an agreement for the measure from every province, including Quebec. Though Pettigrew has been an MP for only 10 months, the Montreal politician is rapidly becoming recognized as one of the Chretien government's few heavy lifters. That's a bit like walking as your knees know in a load of midriffs, but Pettigrew is particularly valuable in his current role because our cabinet colleagues, from French Canada, he retains the respect of not the affection of the Lascasses of Quebec City.

Except that he's not the least bit arrogant. Pettigrew is something of a latter-day Trudeau, with charm and intellect to burn and a similar Jesuitical turn of mind that often prompts him to pose questions with queries. This is odd. Both men are good at finding a comfortable home in Quebec within Canada, though their approaches are very different. While the now-Moderate Trudeau never accepted his own humanity, retaining whatever compassion he had in his heart with in the depths of his soul, Pettigrew is open-hearted and passionate.

Unlike the former prime minister, he becomes bifocal relatively late in life. Despite his Scottish name, Pettigrew grew up in a solidly French quarter of Quebec City he was first thrown into an English-speaking culture at age 25, when he enrolled at Balliol College in Oxford to take a master of philosophy degree in international relations. "For the first year, I systematically blocked my mind to French," he recently told me. "This included the interior dialogues we all conduct in our own heads, and even dressing, which was the last to go." He has since returned to dressing in French—presumably because he doesn't want to be arrested by Quebec's language police. His thesis on British negotiations to enter the Canadian market stirred Pettigrew's interest in international trade, and that has been his specialty ever since. Back in Montreal, the article he wrote on Canadian federalism for *Le Droit* caught the attention of Claude Ryan, then the paper's publisher. When Ryan became head of Quebec's Liberal party in 1979, he appointed Pettigrew his chief assistant. He later put in four years as Trudeau's foreign policy adviser, but a full decade of Pettigrew's career was spent in the private sector as a consultant to Quebec

corporations on the effects of globalization.

"In these 10 years," he recalls, "I learned something about wrenching change and the fragility of the status quo. I lived through three mergers of the companies I was with, and each time I was scared, really scared for my job, though I never admitted it to my friends." It was that sense of fragility that has now applied to Canada's external and internal problems.

"Many Canadians feel this way, and just in glass office towers, but in the plants, forests and factories, as they face the rupture of their past," he says. "That social fragility flows from globalization, which has caused the death of distance. In Quebec, there is the additional fragility we share about our language, spoken by such a dry North American minority. That makes us feel cold and lonely. We need the rest of Canada to give us a sign. In acknowledging that, we will better understand what fragility we share."

Pettigrew's discourse is filled with historical references and allusions about the very different equilibria between individual and collective rights that exist in English and French Canada. "What Quebec is adding for the majority of the rest that collective rights make sense for a majority in this country," he intones. "We need to bring into the Constitution some elements that will allow Quebec to remain loyal to the Canadian tradition in which there is more balance between the two sets of rights."

A little heralded, Pettigrew believes that Quebec should not hold a referendum unless he is convinced he can win it. "If there is one," he says, "I'll be ready to fight, but I would prefer to buy time by governing in a productive and constructive way that Quebec feels it is doing in the right direction." The human resources minister's next big move will be to launch a \$100-million youth employment program, and after he has finished more intensive training in provincial jurisdiction, Alberta and New Brunswick have already signed the deal, and Pettigrew is confident that five others are about to approve the much-as-well.

Pettigrew's speeches are emotional and suggestively unpredictable. He sounds more like a poet than a politician when he gives voice to his patriotic feelings. "There is something intensely sweet about Canada that's palpable from coast to coast," he says. "There is a grandness about being a Canadian, which is very closely related to the fact that we're trying to give everyone the best start in life, the best opportunity in terms of health and education. It's a sound investment. My business background never goes against my social conscience."

Classes are that Pierre Pettigrew is fated to play a historic role in whatever plots are hatched to keep this blessed land from splitting up. That's good news.



IRONICALLY, SHE'S THE ONE WHO'S WORRIED ABOUT HER WEIGHT.

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The new Cosmo girl

BY MARCI MCDONALD

In a makeshift, ground-floor office tucked behind the arched marble lobby of the Heart Building in midtown Manhattan, glamour is in distinctly short supply. In a sparsely lit room enough to qualify as Madison's walk-in closet, 30 people are jammed into 10 temporary cubicles, among them the 40-year-old Canadian who has just taken on one of the highest-profile magazine jobs on the continent: making over a genuine American icon, that perennial sex kitten, the *Cosmo* girl. But on that particular day, the only suggestion of sisterhood seems to be the black feather belt wrapped around Bonnie Fuller's computer keyboard. Fuller herself, the new editor-in-chief of *Cosmopolitan* magazine, is beamed up to the neck in three-piece black, still trying to recover from glamour in the heating system of the new house she and her husband, architect Michael Puffer, had moved into in suburban Winchester only two weeks earlier. As if that were not enough, she is eight months pregnant, their third child due only weeks after her first renovated ride debut on Feb. 18. "We just believe in taking every stress point at once," she jokes. "Why not go for it?"

Going for it, in fact, has been Fuller's credo since she talked her way into a fashion writer's job at *The Toronto Star* 20 years ago. But some recent stress points she could have done without—not least of all a fire-damaged belt buckle in the business section of *The New York Times*. In it, her legendary predecessor, Helen Gurley Brown, who had re-created and shaped the magazine in her own image for 21 years, made clear that, despite her 76s by today this month, she was not relinquishing her throne by choice. Brown even pointed up to feeling moments when she hoped her successor might fail. From her former top staffers, most of whom had been let go to stay, came an underhanded critique of the new editor as "the Fuller bitch-off girl." Worse, at a time when many women's magazines are wrestling with identity crises, the *Cosmo* questions whether *Cosmo* could survive without the woman who personalized the philosophy and formula that had made it the world's longest-selling magazine on North American newsstands, with 2.5 million devoted buyers a month. As Brown, the undisputed star of the place, later confided to *Maclean's*: "At first, I thought, 'I'll just step away quietly. Then I thought, 'No! I want to sweep myself away!'"

On the Monday morning when that note—which some thought to be a ruse—emerged from the *Town* press, Fuller was still at home before heading on her one-hour daily Amtrak commute. Expecting a celebration of her own meteoric editorial career, her heart sank when she found instead out in the scheming underworld's role in some publishing version of *All About Eve*: "You read it and you're upset for a few minutes," she admits. "But you get past it and you get on with what you're doing."

What the article failed to mention was that Fuller is getting on with putting her final touches to the status-of-the-year block away where Brown magnetized fruit, an eighth floor pink cocoon. Initially, Brown had announced that Fuller would be installed as deputy editor for a 28-month apprenticeship. But by last summer, reports of tension between the old guard and Fuller's new



Editor-in-chief
An *unconscious*
state for *newbie*

soon became the buzz in New York City media circles. In September, Fuller descended to this windowless warren of cubicles in the bowels of another building to plot her redesign. And despite Brown's digression, it is still going. By the week, her predecessor's signature pink belt has been ripped off the wall and the jagged carpet torn up, but it will be weeks before Fuller can take her place in her own dress of spare black and white.

To Fuller, the *Times*'s not-so-subtle suggestions of a cut-off seemed simplyronic given the fact that she had not even sought the *Cosmo* job in January 1996, when *Women* president Frank A. Bevick Jr. and executive vice-president GM Martin had offered it, she was shocked. Only two years earlier they had had to turn down the U.S. edition of the French fashion magazine *Marie-Claire*. Although it had been an unqualified success, its circulation was then double that from \$36,000 to \$35,000, she felt she was "just putting the magazine under my belt." Nor did she have any illusions about just how daunting her task would be to update a publication recently referred to as *Heaven's crown jewel*. Not only was *Cosmo* reportedly the most profitable magazine in the corporate stable, it was also, in current publishing parlance, a *belle "house"*, with massive advertising budgets and 39 international editions, including Russian and Chinese. "I mean," Fuller notes, "the magazine was not bad."

Still, everyone agreed, at least off the record, that *Cosmo* was showboating—and that it *other*—i.e., in 1995, when Brown had taken over, she had started out revolutionizing glamour, turning it into a monthly hand book for the new female sexual liberation movement. But in an age of AIDS and sexual harassment suits, its preferential plowing

heads seemed perilously out-of-touch. As Gloria Steinem pointed out, *Cosmo* had come to symbolize the "survival lot" for today's anorexic women. Says Linda Basile, executive director of the national feminist organization Media Watch: "*Cosmo* has tried to present itself as a magazine that is about women's power, but it seems to say, 'You can have power if you have a great *Cosmo* and a great dress'."

The one common *Cosmo* executives have for the moment about Brown's departure is that it is, well, of her age. She would eventually have to be replaced. So, if that change, while profound, would have to be a substantial one, a reader might not even notice on "I'd like people to pick *Heaven's* first issue and potentially not notice a difference," says Cathleen Black, the new president of *Heaven's* magazine division. "What we don't want is someone saying, 'What happened to my *Cosmo*?'

At an oval table piled high with mrs. glasses, Bonnie Fuller is pondering a list of upcoming features: "Plundering others," "Marrying for money" and "Showing the emotionally frozen out—all subjects that ought to reassure any diehard *Cosmo* reader. But one caught "Do you go to the place where?" gave her pause. "I don't go to the place," she worries. "How can we rephrase that?" Minutes later, she's armed with a more upbeat line: "How far should you go to please a man?"

In, in, in, the quintessential question—the one that will distinguish the new *Cosmo* girl from the old as Fuller tries to beat the rap that the magazine's archetype has become an anachronistic manly stoic. But in Fuller's hands, that coming-of-age will be

gradual. To the untrained eye, *Cosmo's* cover girl looks indistinguishable from previous issues. Old is a change-baring wrap of silk, she goes out with the usual come-hither stare befitting the tantalizing blurb, "His hand on her arm, how to slow him down and speed you up." Says Fuller of the trademark *Cosmo* cover: "It was something you just didn't want to miss."

At *Heaven*, there is never any doubt that she could walk that delicate tightrope between tradition and transgression. Already, three new babies—at *Marie-Claire*, *TV* and in Canada *Play*—Puffer has taken on an existing publication and repackaged it, making it hipper and more relevant, increasing circulation and, most important, stretching the number of ad pages. Unlike Brown, who believed that she never needed to conduct surveys of focus groups, Puffer originally used those commercial tools at the trade. Last summer, when research told her that *Cosmo's* readership in the 18-to-34-year-old age group—the largest single market for cosmetics and clothes—had little interest in recipes or massages, she threw them out in favor of fitness and money tips. Now, such tactics spreads infinite photojournalists like former *Time* *Woman* *Chin*—once icon of the magazine's down-home image—shooting top models in tressel, if will weather, available.

The calendar of *globe* has not been updated. Where Brown's last issue profiled *Chic* *Entombed*, Puffer's new one dishes up four pages on David Duchovny, doe-eyed Agent Mulder from *The X-Files*. "Because it has taken the *bottom* out of the *teacup*," says creative director Donald Robertson. Puffer's very stickler, who has signed on as for all her ventures since she first hired him as a fashion illustrator at *Play*: "That blue-dried girl with the big car is gone."

Still, other elements of Brown's legacy have not been so easily jettisoned, above all her apparent obsession with sex. Fuller argues that "people think it's a bigger topic than it is because *Heaven* went out there and said at first women are entitled to a good sex life." As Robertson notes, "Bonnie's policies and *Heaven's* policies are the same. They're both very progressive, pro-sex and anti-women-as-objects."

Now, if Puffer has retained the *Cosmo* girl with a few artfulized maps and tasks, she has also cloned her mantle. "I buy that photograph," she asserts. "I was the *Cosmo* girl." That assertion might surprise those who do not think of the *Cosmo* girl as someone bent on contorting career girls underfoot. *Heaven's* Puffer explains it is what has become the new *Heaven* corporate mantra: "The *Cosmo* girl is somebody who wants to have it all."

"*Cosmo* says you can get anything. If you don't just sit on your backside with your nose pressed to the glass," Brown wrote in 1981. As it happened, Fuller had just decided a year earlier to test her mettle in the big-time, vaulting from her *Heaven* at *The Toronto Star*, to the *New York Times* table. *Women's* *Wear* *Worthy* Her background could not have been more different from Brown's: Whistler's predecessor, a native of Idaho Rock, Ark., bought herself to type at 18 to support her newly widowed mother and a sister who had just come down with polio. Puffer grew up in Toronto's soap Bloorville, the child of three children born to Tampa and Santa Barbara, a housewife and a wealthy lawyer who dreamed that his clever, feisty born-again wife would take over his practice. But Fuller like Brown, harbored a determination that set her apart. Her Grade 4 teacher called me "she," her mother, "and she'd always seen a child soldier." By high school, Puffer had made up her mind to become a reporter, and one summer, while still at university, she won a job at a suburban newspaper. Still, it was to the wishes of her father, she enrolled at *McGill* Bell Law School. Although her marks were good, her heart was not in it. The next summer, when she heard of an opening for a fashion editor at the *Toronto Star*, she talked her parents into letting her try for a year. Until the year, she had never shown much interest in clothes. Puffer, however, was easily a bad rock to the city drunk. But once she found herself reporting from the runways in New York and Milan, she was hooked. "She was going crazy hardworking," says *Heaven's* editor.

MEDIA

determined little girl," remembers the Star's former fashion editor Suze Evans. "She wasn't aggressive in any way, but I could see it in her eyes."

One factor that made Fuller's resolve so steadily occurred when she was 18. Her parents' divorce left her mother in a steep financial straits, forced to sell the family home. "It was hard for her, and for us," Fuller says. "It definitely made me determined not to be financially dependent on anybody."

As the associate editor at Women's Wear Daily, she found the pace and competition relentless—peril for her Type A personality. But Fuller's drive kept her from another goal. At a New York party, she met a fellow Toronto magazine editor, entrepreneur Michael Fuller. At the time, she was just looking out of a long-term relationship "after not having even a proposal to marriage," and she approached her new romance with the same relentless focus she had reserved for her career. "On our third date, I told him, 'You know, if you're not interested in being open to marriage after we've been

Cosmo was Brown's baby for 31 years

going each other for six months, that's it,'" she recalls. "I just laid it on the line." Michael, she says, was "so shocked" that she decided to run to the challenge. Six months later, on schedule, he proposed on a box. "I wanted the engagement," she says. "I swiped the ring."

Months later in June 1983, when they were married in a Toronto synagogue, she already seemed on her way to her new realization of the *Cosmo* girl. At 26, with minimal magazine experience, she had just been named editor of *Play*, then-publisher, Donna Scott, now chairwoman of the Canada Council, knew she was taking a gamble on Fuller, but after interviewing two other candidates, she remained captivated by her ideas and spunk. Says Scott: "She is as single-minded as anyone I've ever met." Their collaboration lasted six years and turned *Play* into fashion must-read. Tossing the bad-to-all-the-collection, Fuller would show up with a photographer to record her frolicking with designers and stars for a column she dreamed up called "Play was there." Barbara Sirois, a Toronto fashion writer and friend who has followed her in every magazine, including *Cosmo*, chuckles at the memory of their first marches through the Paris salons. Fuller ended *Play* and worlding the cover. "It already matched her as not being a compleat *Costume*," Sirois says. "She was having herself and the magazine equally."

Every month, Fuller mailed out hundreds of issues with notes to top editors around the world. For her, the competition was not another Canadian women's magazine, but *Marie-Claire*, *Glamour* and *People*. "It had to be just as good as they were," she says. By her sixth year at *Play*, she was making introductions to *Marie-Claire* by



Brown and some of her covers
"I'd never have gone"

her pal, top menwear designer Tommy Hilfiger, she sent him a four-page proposal for the takeover of *Esquire's* *Basser*. "It was such an astonishing document that he passed it on to me," recalls Helen Gurley Brown, who was looking for a new beauty editor. She recruited her to drop by *Marie-Claire* promptly found Fuller, her husband and new baby in her office. Although Fuller admits she was "scared," she was

cooled to Brown's job offer, which she accepted as a demotion that turned to instant stardom, not whiffed at 100.

2003 ushered in a new chapter in her encounter when she heard about an obscure U.S. men's magazine called *Young Men*, which was in trouble. For Fuller, 39, as she exulted in it, proved a perfect showcase for her savvy editorial sense. In her editor's notes, penned in a confidant big-sister tone, she shared her own traumas ("I'd rather take a chemotherapy session twice than have to relive my first visit to the gynecologist"), and in a regular feature, invited teens to share their "most embarrassing moments." As Sirois puts it, Fuller drew on her own vulnerability. "This was all inspired by *Costume's* most hideously horrifying experiences," she says. "At all these magazines, she's always been willing to put her own experiences in print."

Fuller had built the circulation from 725,000 to 1.2 million when *Heinz* forced her away to launch *Marie-Claire* in North America. In a shrinking advertising market, it too was a formidable challenge. "People said there wasn't room for another fashion and beauty magazine," she says. "But we sort of showed our way in." Her triumph was faded for a min, but included high and low fashion with serious issues such as a much-needed piece on the women of Bosnia. And again, she had set her own life on the editorial page, introducing an article on how "a growing number of women with older cancers are finding love with lower-income guys," she confessed that her husband had quit his job to stay home with the kids (Mark, now 9, and Sofia, 6)—and to build a family room. "Let me tell you," she barked, "I'd rather see him with a tool belt than a leg up any day." Although she had assumed the role of principal family breadwinner, she admits, "I wouldn't be happy doing anything else."

Emerging out of the concern in the cut-throat world of women's

magazines, Fuller seemed a veritable poster girl for having it all. By last year, her only worry was whether she could have another baby. She had started in consult adaptation agencies when she went with friends to a restaurant where a travel card reader predicted not only another child, but also another job. "I didn't understand what she was talking about," Fuller recalls. "But she said there would be another very strong woman involved, and at first it was going to be a difficult time."

Tension? Helen Gurley Brown pauses at her friendly manicure. "I would say there hasn't been tension between Bonni and me. She's always been very respectful. And I've left for her having to sit through all these lunches and lists to all the carrying-on about me. I could never stomach that." No, the only tension she can think of during the last months of what she terms "the reign," when Fuller was working on her *Marie-Claire* redesign and Brown was putting together what she called "that wingding fiasco [February issue]"—which set an all-time record. But she makes no bones about the fact that she needed some prodding towards the exit. "Left up to me," she says, "I'd never have gone."

Newly transplanted to a modest corner in another building, along with her trademark decor, Brown has been named editor-in-chief of *Costume's* international editions, charged with making sure that their local editions fit in despite her basic formula. As she puts it: "My challenge is to keep these girls in line." It is, she says, a "soft landing" for a childless workaholic horrified at the thought of retirement. Since her 1980 best seller *Sex and the Single Girl*, her life had been dedicated to maximizing its many marketplace spin-offs in a magazine descended up by her film producer husband, David Brown, who wrote every explanatory cover line for the past 31 years. Now, she is stuck by suggestion that her *Costume* has become passe. Tossing out that it continues to be the best-seller in its niche bookstore, she has a single reply: "Bullshit!"

Certainly, when Brown's first name appeared in 1983, it was groundbreaking. *Costume* paved the way for a new generation of women's magazines that U.S. feminist Naomi Wolf has as "pivotal instruments of social change," offering women an ungendered future for debate and a road map for economic and erotic independence. Behind a veneer of intimacy lies, it took the stand out of a movement that was, in fact, discussing certainties of sexual maturation. But in her popular 1990 critique, *The Beauty Myth*, Wolf argued that it also paved the way for sending women a potentially lethal mixed message. She charged that its ads and breezy beauty columns undermine the fact, keeping women in thrall to a million-dollar diet and cosmetics industry that nourished low self-esteem and an epidemic of eating disorders.

Predictably, Brown scoffs at feminist critiques. "The idea it shouldn't be concerned about your looks—that's just nonsense," she protests. "Gloria Steinem striped her hair and wore lip gloss and wavy clothes. You'd have to have grown hair to be a feminist." More surprising, perhaps, Fuller echoes virtually the same line. "What's so terrible about cosmetics and fashion, anyway?" she bristles. "It's a fact of life that women since the dawn of time have been interested in making themselves look attractive. We've seen all the heterogeneity of Egypt—they were doing it then. It's in our biology."

As for the accusation that women's magazines encourage anorexia, bulimia and self-hating by featuring ever-younger images—such as that of the now-crowded Supermodel of the World, *Playboy's* Laetitia Casta, who is 35—Fuller argues that eating disorders are prepped by psychological issues like fear. "There's much more of a problem in North America with obesity," she says. Fuller is too savvy to attack these contradictory messages that have been the lifeblood of women's magazines—an anachronistic territory that she has proven extraordinarily skilled at negotiating. But her reluctance may also reflect the schizophrenia inherent not only in the new *Costume* girl, but in the lives of most modern girls and women. □

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Air Elo: 'when everything breaks apart, you get to put it all back together again'

The Nagano factor

There were breakthroughs during the Bi-Centennial Canadian Championships last week in Vancouver, but the weather threatened to upstage the figure skating. The warm sun glinted off the snow-capped peaks of the Coast Mountains and the narrows of the winding roads between the frigid East talking endlessly about the onset of spring in February. The skating forecast, however, was not so bright. In clashes along the concourses of GM Place, fans and officials denounced the state of Canadian skating. Two-time world men's singles champion Elvis Stojko and the dance team of Shae-Lynn Bourne and Virtue Kraatz, the only Canadians to qualify for the International Skating Union's Championships, were held over by the Canadian Figure Skating Association for failing to meet the minimum requirements for entry into the competition. The Association's president, David Dore, said the skaters had not produced "the kind of performance that we expect from our skaters."

Canadian skating slumps as the Olympics approach

skating is in a shambles and the Winter Olympics in Nagano, Japan, are less than a year away. Moreover, if the Canadian Figure Skating Association wins its bid to host the 2006 world championships in Vancouver, it might not have any home-country competitors on the ice. Stojko, Bourne and Kraatz, however, are expected to turn professional after Nagano, and there are no elevens here. Worse, the pair division has not produced an erosion to Isabelle Brasseur and Lloyd Eisner, who turned professional three years ago, and there has not been a Canadian woman in the top 10 at the world since 1994. Explanations abound. CISPA director general David Dore, for instance, says some skaters still hold the traditional mind-set that they will get to the top if they just practice their butt off. "That doesn't work," he says. "Look at [U.S. women's] Tonya Harding. She worked her butt off, but she didn't get to the top." Dore says, "Look at [U.S. men's] Brian Boitano. He worked his butt off, but he didn't get to the top." The lesson is that with the jumps and the right performance, anyone can win.

The top-seeded women—Sarah Humphreys of Edmonton, Angela Devoschi of Gloucester, Ont., and Jennifer Robbins of Ward-

son, Ont.—bore the brunt of criticism last week. Previous champions Josée Chauard and Karen Novotny never won world titles, but they regularly placed in the top 10 at international competitions. The 1995 Canadian champion, Toronto's Nelly Kim, did not place in the top 25 in world championship qualifying that year and failed to make the final. Robinson, last year's instant champion, placed 21st at the worlds. In Vancouver—despite Humphreys' fine skate to take the title—the women were besieged by reporters asking what was wrong with them. "It's pretty harsh," said Robinson, "but it's also a strong motivation for all of us Canadian women. It still hurts, though."

The problem, insiders say, may simply be cyclical. Paul Marusz, the former world pair champion who coaches when he is not skating professionally with partner Barbara Underhill, says the novice and junior ranks are swelling with talent. "I expect there will be a hit following the 1998 Olympics, a post-Elvis gap, but we'll be fine in the long run," Marusz says. Dore, who in 1995 complained about Canadian skaters' declining technical standards, now says that trend has reversed. "There are more and more who have landed triple Axels," Dore says. "There was only one two years ago."

As for Nagano, Canadians could well win two medals, no worse than in Lillehammer in 1994. The dueling Bourne and Kraatz, who train in Lake Placid, N.Y., carry yet wrest dance supremacy from its Hawaiian stronghold. The 24-year-old Stojko, meanwhile, showed in Vancouver that he has regained his form after a disappointing 1995-1996 season. The two-time world champion from Richmond Hill, Ont., will be one of the great jumpers ever and he has re-earned the championship of his short and free-skate programs. He had to even world champions have to keep improving if they will be overtake, and the radians in which last season were halved and discounted. As well, Stojko is no longer the tiny, sprightly flier in the men's division—Edmonton's Tim and Kaitlin Burns, among others, can wear the King.

Ever confident, Stojko shrugs off the doubts. A somewhat solitary skater, he is a glutton for learning and will not be out-herded by his competitors. "I think I'm at the point where, sure, there are going to be people who don't like my style," he says. "But they can't say I'm not qualified there." The disappointments of 1996, especially losing his world title in front of a home-country audience in Edmonton, are behind him. "When everything breaks apart," he says, "you get to put it all back together again, only better." For worried skating fans, the thought of Stojko, only better, might be a great comfort heading into the next Olympics.

JAMES DEACON in Vancouver

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SPORTS

They are the champions

Winning isn't everything for Special Olympians

Invariably, Olympic competitions are about medals. The sixth Special Olympic World Winter Games, held from Feb. 1 to 8 in Toronto and Collingwood, Ont., attracted 1,607 athletes from 72 countries, supported by 600 coaches and staff, plus more than 72,000 volunteers. And what about the number of gold, silver and bronze medals each country won? "We don't keep medal counts," says spokesperson Doug Bobbie, sounding unconvincing as Bobbie tries to explain this once again. "That's not what these Games are about."

What these Games are about is bringing together mentally disabled athletes, aged 8 to 65, some of whom have diagnosed conditions that they would never walk or perhaps compete independently, much less compete internationally. For those like Kim Shewchuk, a 19-year-old resident of Kamloops, B.C., friendly competition and camaraderie have helped develop the kind of character strength needed to function confidently in a world where his actions have pagged him in disbelief. "Before the Special Olympics, Kim was a quite introverted person who wouldn't strike up a conversation," says his father, Terry. The Games have changed that, he says, and have given his son, an alpine skier, "a wonderful sense of self-esteem and self-worth." Says Kim: "I've met a lot of people—and I talked to them and everything."

Similar emotions pervaded the opening ceremonies at Toronto's SkyDome on Feb. 3. About 30,000 spectators took in the gala, which featured a surprise appearance by two-time Olympic silver medallist Brian Orser. Why shamed its more familiar ladies in favor of male stars? Other performers included singer Michelle Wright, Sami Agustein and Bully Santa-Maria. Deputy Prime Minister Stockwell Day called the Games "the broadest sporting movement the world has ever known."

There were five distinct sports: ice skating, cross-country skiing, floor hockey, figure skating and speed skating—plus two demonstration sports: snowshoeing and snowshoers, a team event similar to curling. The spirit of the competition was summed up in the athletes' talk. "Let me win. But, if I cannot win, let me be brave in the attempt," judging by what the Special Olympians have accomplished, there were no losers, only brave winners.

Text by Doug MacAuliffe; photography by Phil Sweet



Terry and Kim Shewchuk of Kamloops, B.C., are bundled in thick jackets at the base of the downhills course where their son Kim is about to make his run. Don's video camera is rolling. Terry has the zoom lens ready on his 35-mm. camera. Kim's helmet holds his mom's handwork, the word "Canada" shaved on the back of his head. After the first competitor goes by, Terry says, "Doh, Kim is really going to have to fly." Kim, who has autism, finished third in his group, his parents cheering. This scene, says Terry, an engineer with BC Tel, is a world away from the time when doctors told the Shewchuks that Kim, then 18 months old, would "never walk, talk or be able to look after himself." Just look at him now!

Shewchuk on the slopes, with father Terry (below): "Self-esteem"

SPORTS

Making tracks
"Let me win. But, if I cannot win, let me be brave in the attempt."



John Grittham (above) of Kimberley, B.C., is braving frigid winds in half-face helmet, his cheeks red from the icy winds sweeping Blue Mountain in Collingwood. "I was smokin' that half," the 33-year-old Grittham exults. "It's my kind of heat." His mother, Dorothy, is also smiling. "You get all choked up and you want to cry," she says of watching her son compete. "It's such a thrill! He doesn't have to prove himself to anyone any more—he's done it and he knows who he is." John is Dorothy's only son. At age 4 he was diagnosed as "intellectually challenged," his mother says. Today, John is "high functioning," capable of holding down a job as a bouncer at a B.C. guest ranch while also competing on the ski slopes. And while Dorothy acknowledges that travelling to international meets takes a financial toll—this is his third—it is "one of those things that because it's your son, you don't care what it costs."



"Let's go Canada, let's go!" The fans chant and stamp on aluminum stands, creating an exuberant racket reminiscent of a hockey battle between Team Canada and the Russians. There is shoving along the boards and passes are crisp. The floor hockey squad from Orillia, Ont., is competing against Detour and is one of two representing Canada (the other is from Fort Erie, Ont.). Joanne McFarland is cheering for her 30-year-old son, Bill, who has Down's syndrome. "He's having the time of his life," McFarland says. Canada leads 6-1, but that hardly seems to matter. Bill puts it into perspective when he explains what he lives best about playing. "The whole team—friends," he says.

Their coach says they have never worn their snowshoes on snow before. Nevertheless, the 10 Special Olympians from Chinese Taipei got off to quick starts. Training consisted of running on grass or sand with heavy wooden snowshoes, says coach Han Huang Shih. Now that they are competing with lighter, smaller aluminum "base pads," it will seem much easier. Shih says—and the children are—"so excited they're forgetful in the cold." Up for the challenge is 15-year-old Shih Smith, just No. 151 of Fort Erie, Ont., who finished second to a Taipei competitor in her 400-m dash. "It's fun," Shih says triumphantly. Her mother, Diana, explains that her daughter has a learning disability that makes reading and remembering difficult. The Games, she says, have increased Shih's self-confidence immeasurably—not to mention putting a large grin on her face. □

It slices, it dices



Computer store display: an MMX Pentium chip (below) is shown

In the Information Age, people like 33-year-old Mark Reen are on the cutting edge. Reen is vice-president of Igloo-MegaGames Inc., a computer game company in Rockville, Md., yet his "office" is actually his home in Schenectady, just north of Toronto. As a game developer, Reen talks about computer codes and pixelated colors with the same enthusiasm that other executives talk about balance sheets and mission statements. But when the subject is MMX, the latest enhanced chip from Intel Corp., the world's largest supplier of computer processors—he positively gushes. "MMX is such a big thing because now, like, you can do four regular calculations simultaneously," says Reen. "That's what's so great. And future revisions of MMX will be floating-point—and then you'll be really tough."

Make sense? To most computer users, probably not. But in the high-tech industry, the new MMX chip could be the bigggest thing since, well, the launch of Intel's groundbreaking Pentium processor three years ago. That is because MMX technology enhances a computer's ability to process graphics, sound, and video, making it a better multimedia machine. Just as significant, however, is what a commitment to MMX Intel—whose chips power about 80 per cent of the world's personal computers—makes to the future of computer electronics.

In short, MMX is Intel's most aggressive

move. The extra instructions allow programmers to reduce formerly complex operations, especially the handling of graphics, audio programs and video playback, into a single step—the simultaneous register calculations that Reen speaks so enthusiastically about. On standard benchmark tests, Intel claims that Pentium chips with MMX technology are 10 to 20 per cent faster than standard processors—and as much as 60 per cent faster when running multimedia applications.

For consumers, the most immediate benefit of an MMX Pentium system—which typically costs about \$130 to \$200 more than a non-MMX computer—will be in computer games. Reen, whose company is set to release several games that take advantage of MMX—Epoch's upcoming EDC, Unreal, the buzz of the gaming industry—says that "it means better-quality video sequences, better-quality sounds and better visuals." Be-piped games, however, MMX-capable software remains scarce—although Intel says a flood of new titles will soon hit the market.

MMX's other big selling feature—one that gives Intel a serious edge in the consumer electronics market—is that it will play digital versatile discs, or DVDs. Years in development by such electronics giants as Philips and Sony, the discs are super-CDs, capable of storing two full hours of high-resolution digital video. Standalone DVD players that hook up to television sets will probably cost between \$600 and \$1,500 when they hit Canadian stores in the spring. But DVD-ROM drives, which would replace existing CD-ROM players in computers, will likely fall in the \$200 to \$300 range.

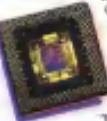
Coupled with an industry trend towards larger computer screens (Gateway 2000 Inc., a U.S. manufacturer, recently launched a PC with a 30-inch screen), DVD could help take the computer out of the office and into the living-room.

"We used to use the analogy about the 16-inch versus the 10-foot interaction—what you do on the couch with the remote versus what you do at your desk with a mouse," says Doug Cooper, Intel Canada's architecture manager. "There's no reason that the computer can't occupy both those spaces."

Will MMX live up to its hype? Intel shares at one point last week were down 7.3 per cent—but part of the investor concern that a lack of software titles will slow the new processor's acceptance. Existing computer owners, who have seen such new generations of processor render the previous one virtually obsolete, may also be wary of embarking yet another revolution. But Cooper says the new technology is here to stay—and that MMX computers offer a hedge against future upgrades. Declares Cooper: "MMX is and will be, now and forever, part of the Intel architecture."

In the frenetic world of computer technology, that is about as categorical as any statement can get.

JOE CHIDLEY



Intel unveils a fast new chip for the home market

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Drugs and money

Industrial and consumer organizations are firing off propaganda salvoes in Parliament to rescue the controversial 1995 legislation that guarantees drug companies 20 years of patent protection in Canada—a market monopoly for new products. A study published by researchers at Queen's University in Kingston, Ont., estimated that Canadians would save between \$4.1 billion and \$9.4 billion over the next 20 years if the period of patent protection were reduced to seven to 10 years, allowing rival firms to produce cheaper generic versions of patented drugs earlier. That study was sponsored by an association of generic drug manufacturers, and Judy Emila, president of the Pharmaceutical Manufacturers Association of Canada, which represents the major pharmaceutical firms, called its findings "totally ridiculous." A parliamentary committee review called for in the 1995 legislation could begin as early as this month, and produce recommendations within a year. Michael McLean, co-ordinator for the Ottawa-based Canadian Health Coalition, which links labor unions, anti-poverty groups and senior organizations, said that unless the present law is changed "the biggest part of health-care cost increases will wind up as drug company profits."

Country life and death

With the pollution, the smog and smothering heat wave, city life can seem like a chance to a heart attack. Even many medical experts accepted that conventional wisdom. But a new study, released last week by the Heart and Stroke Foundation of Ontario, shows that the mortality rate for heart disease is in fact significantly higher in the province's rural areas than in its large urban centres. "That's what surprised us," says epidemiologist Desirée Hodgson, the study's author. "The stereotype is that if you live out in the country, all this fresh air and lack of stress should make you healthier—but some of the rural areas actually have the highest rates." Why the difference? "We don't know," says Hodgson. "One thing at play is lifestyle factors." In rural Kent County near the southern tip of Ontario, the death rate for heart attacks is 56 per cent higher than the provincial average. An above-



Prescription drugs: reviewing the monopoly law

A two-minute test for the AIDS virus

A small Nova Scotia company, Octopus Diagnostics Research of Halifax, is marketing what it calls a simple, fast HIV blood-testing kit. The company's owner, biotechnologist Abdulla Karimata, says the kit shows the presence or absence of HIV—the virus associated with AIDS—in a drop of blood in two minutes, compared with conventional tests that can take up to five days. Preliminary analysis of clinical studies in Calgary, Halifax, St. John's, Nfld., and elsewhere shows the kit produces a false-positive finding in fewer than two per cent of cases—comparable to the performance of other tests—but fails to confirm the presence of HIV in up to 10 per cent of cases in which the disease was confirmed by other means. Octopus signed a contract last week to provide half a million units to a Hong Kong distributor and has negotiations under way in several other countries. The company is awaiting approval of its product for use in Canada.

Testing a flu drug

Drugs capable of wiping off a scourge, influenza may be on the horizon. Researchers for a California-based drug company, Gilead Sciences, said that a drug designed to prevent common influenza viruses from reproducing appears to work in animals. Now, the firm wants to test the drug on humans, who would take the drug in pill form. British-based Glaxo-Wellcome is currently testing a similar drug that is inhaled. One big obstacle facing researchers is the formidable ability of the virus to mutate rapidly and to reproduce in huge numbers.

When measles strikes a campus

Health authorities put an inoculation program in place to try to combat a measles outbreak of unknown origin at Simon Fraser University. This Burnaby, B.C., institution also postponed its annual honors awards ceremony to limit contact between the campus and the public at large. Authorities tracked 30 of 42 confirmed cases of the highly contagious viral infection in the Vancouver area to the Burnaby campus. There were only 40 cases of red measles throughout British Columbia in all of 1995. The disease can lead to a wide range of serious complications, including pneumonia, inflammation of the brain, seizures and even death.



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Jodie's Grace

A *Canadian* actor, director and producer Jodie Foster has a knack for bringing wonderful stories to life. And one fierce romance through many of her roles is her character's status as either victim or society (*Taxi Driver*, *The Accused*) or of circumstance (*Stealing Home*, *Fire Down Below*). Now Foster's Los Angeles-based film company, Ear Pictures, has optioned yet another great tale, *Turkish Actor Margaret Aksoy's Arab Goat*. In this case, however, it is not clear who the real victim is. *Aksoy* based her Ciller Prize-winning novel on the real-life case of Grace Marks, a servant girl in 1860 Ontario who is sentenced to life in prison for the brutal murder of her employer. A psychopathic Grace, who can no longer remember the crime, is determined whether she was a blood-thirsty frenzied maniac or woman who is led into murder. Foster, 36, has not yet said whether she will play the lead role. But the fact that she was a bidding War for the *Arab* novel against Mira Sorvino, Fox Searchlight and actor Nicolas Cage's production company—and paid a high six-figure sum—makes it seem certain that Grace Marks is one she Foster is determined to adopt.



Foster: A knack for bring great stories



Modern romance—in 1745

U.S. novelist Diane Gabaldon's *Outlander* series, currently encircled on best-seller lists across North America, is her fourth novel about English nurse Claire Randall and Scottish Highland warrior Jamie Fraser. The meticulous period detail is in contrast to the serendipitous development of the current premise: the love story of a modern woman somehow flung into the past just in time for Bonnie Prince Charlie's doomed 1745 uprising against the English. When Gabaldon, then a professor of behavioral ecology at Arizona State University, started to write in 1992, she tried historical fiction, thinking it would be the easiest genre for a researcher to master. Randall's life lived, says 43-year-old Gabaldon, was simply an inspired solution to a common problem in historical novels—her heroine "kept running over into modern times," rather than speaking like an 18th-century woman. **Available:** *amazon.com*; *amazon.ca*

Plastered all over the world

Actress Cher and Vanessa Williams have works by Sid Dickens hanging on their walls. And Dickens himself, a 31-year-old Vancouver, has recently been profiled in several of the design industry's top-tier publications, including *Interior Style* and the granddaddy of them all, *Architectural Digest*. But the panels casting the attention of international art lovers are not paintings or sculptures—they are 20-by-20-in plaster tiles. Dickens developed the concept of interchangeable decorative tiles, which he calls memory blocks.



Dickens, decorative tiles

two years ago. With the look and feel of time-worn plaster, the tiles are available in more than 45 motifs, including Gothic script, musical notation and rococo art. They are now selling around the world for about \$85 each. Dickens says he set out to be started, not an entrepreneur, but is nonetheless enjoying the commercial success. He adds: "Art is what you make of it."

Exorcising apartheid

Writing the 13-part TV series *Shangea*, *A Family Chronicle* was more than just a job for Clarence Hamilton. The CBC drama spans Canada and South Africa, and reveals the deep, complicated divisions that apartheid created. Using the pell-mell tr-

ials as a backdrop, Shangea follows the everyday stories of a few families. The subject matter is close to the heart for Hamilton. At the age of 18, in 1974, he was the youngest South African ever to be called by the apartheid government for such political criteria as inching student riots. He eventually moved to Canada, writing *Shangea* while living in Toronto from 1985 to 1992. Hamilton, who returned to Johannesburg in 1992, and like all returning political exiles, was granted amnesty, joined with Canadian director-producer Alfons Maticipi to make the *Canada-South Africa* co-production. "I used the writing process to kill my ghosts," says Hamilton. "It became cathartic."

Old master of machismo

Clint is back in the saddle with a taut thriller

ABSOLUTE POWER

Directed by Clint Eastwood

HE is the older statesman of Hollywood tough guys. Before Sly or Arnold or Mel, Clint was the averaging all-grown-up frontier justice. As the rough cowboy and the dirty cop, he has carved out a unique style, disengaging audiences with chilling fine line—fixing them in a narrow gaze and sending them to their death with a cruel snap. But Clint Eastwood is not just a icon. With the possible exception of Woody Allen, he is the most accomplished actor-director in America. And his new movie, *Absolute Power*, is his strongest work since *Unforgiven* (1992). After the puffy romance of *The Bridges of Madison County* (1995), it is good to see Clint back in the saddle and riding high.

Reversing his usual role as a law enforcer, he plays an aging ex-con, a master thief named Luther who witnesses a presidential刺杀 while during a job. Luther is barging the empty assassins of an influential tycoon (B. G. Marshall), who is in the Balawards—supposedly with his wife. But the wife stayed behind at the last minute to protect a secret trusty with her husband's trusted provider, now other than the U.S. president (Gene Hackman). Luther is base fooling the willow walk of the master bedroom when the shelterless couple staggers in drunk. Through a one-way mirror he watches a bout of rough sex descend into the woman's mauler.



Eastwood, leaning desperate bid to safeguard a daughter

Luther does not escape the maniac under-note. The president, his secret service agents and his chief of staff—played by a hilariously sofie Judy Davis—know he is witness and conspire to kill him. Luther also becomes a prime suspect in the murders and is pursued by an ardent homicide detective (Ed Harris) and the tycoon's hired hit man. Meanwhile, as he becomes a roving target, Luther makes a desperate bid to safeguard his estranged daughter (Laura Elena), a county prosecutor.

The script, which screens-watching veterans William Goldman adapted from David Baldacci's best-selling novel, takes some preposterous turns, starting with the premise. And the ending is a bit flat but the suspense is taut, the humor is dry and the whole thing goes down with the cool kick of a fine-line western.

Absolute Power does not pack the serious wallop of *Unforgiven*. But Eastwood creates the same kind of steady resonance between his acting and direction—*as both roles*, he likes to move the moment. Does not he lead by the snappy trailers? For a thriller, this film unfolds with laconic patience, without ever seeming to drag. Patience is also the essence of Eastwood's character, a master of disguise and evasion who knows that lying is everything. Luther, a star with bones, is a soldier here that Dirty Harry, the disamiable cop. He is a gentleman bandit on the wings of retirement, and he spends his spare time idly sketching old masters at an art museum. It is an age metaphor for Eastwood's own career. As an icon, he is beginning to look like an old master himself, decades of malvolent squinting deeply etched in the dry-ginch lines on his face. And as an artist, he draws with a sturdy, lafthul hand—reveling honest pictures that make our day.

BRIAN D. JOHNSON

Thrills and spills on top of old smoky

DANTE'S PEAK

Directed by Roger Donaldson

It is the world's first blockbuster volcano movie, and the producers have spared no expense in making their star attraction—"a mountain with attitude," in the words of one character—erupt as convincingly as possible. And the special effects are spectacular. But in disaster movies, the same abundances of realism never seem to apply to human behavior. If *Dante's Peak* is to be believed, the most vital qualification for a volcanologist is knowing how to drive. Harry, the volcanologist played by Pierce Brosnan, has to drive through peeling boulders, raining ash, a fire storm, a river of lava, a mere shaft and a lake of sulphuric acid, a mine shaft and a traffic jam of panicked evacuees. But then,

who is better qualified than Anton Mehta (007)? As the smouldering Harry, Brosnan is James Bond on high-four.

The fictional *Dante's Peak* is an stylic little love letter under a dominant volcano in the Pacific Coast. Northern Cascades Harry shows up to take the seismic pulse and detects some ominous signs. The local squalls are being aggravated. And after tiny-digging lions get performed in the hot springs, Harry informs the mayor, a come-lately corporate mercant (Judee Harrison), in evacuation plan. But his bureaucratic boss, arriving with a SWAT team of valve regulators, says he is overreacting.

The first half of the film is spent waiting for the mountain to erupt while the wizened Harry and the single-mom mayor warm to each other's charms. Once the vol-

cano does blow, Harry devotes himself to saving the mayor and her two children, who go up the incinerator to rescue her amorous ex-mister-in-law. It is a heroic ride with a predictable plot (guys who die).

Brosnan keeps his head down and tries to look cool even when his tires are on fire. Hamill, who pursued a mean shogun in *Terminator 2: Judgment Day* is wasted. All she does is fetch coffee and look scared. But Dante's Peak does deliver big thrills, mostly enough, the most exciting effects involve flood, not fire. And it is not as deadly as *Terminator*, last year's chosen movie about scientists in trucks trying to outrun the wrath of God. Brosnan, as *Terminator*, a laughable script cannot stop magnet special effects from shaking up the box office. Next up is *Vacuum*, which is due out in the spring. Synchronize your seismographs.

B.D.J.

FILMS

Hard-luck heroes

By BRIAN D. JOHNSON

young charge from the prepubescent son of anti-Soviet Czechs who reject the boy's naive, macho heroism in his Russia. The irony is that her son is—an innocent child being persecuted for an imperialist birthright that led his own mother to abandon him.

But Sternak keeps the tone light. He does with a lyrical eye, giving his story with luminous close-ups—a woman's long hair turning on a lathe, bubbles rising in a pool of beer, a shaft of sunlight catching her auburn streak of gift paint being applied to a tombstone. In the tradition of Czech cinema, there is a clean, almost youthful, quality to the images, which are often ripe with symbolism. In one scene, as Russian army tanks machine-murk up and down outside, the camera dwells on the idle beauty of their headlights beams splashing across the ceiling.

Kyle is an arresting portrait of the artist

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FILMS

As an aging musician, a man who is forced to rethink his relationship to the world after his life is ended. Along the way, the film subtly explores issues of artistic, sexual and political freedom, but like the Russian trucker outside the window, they remain at a distance, never breaking the film's introspective spell.

Prisoner of the Mountains offers a riddle, but no less compelling, vision of life under Russian rule. Directed by *Prisoner of the Caucasus*, a 55-year-old by Leo Tolstoy, it is about two Russian soldiers held captive in a Muslim village after being caught in an ambush by Chechen guerrillas. Russian director Sergei Bodrov, who is now based in Los Angeles, shot the film in location in a remote mountain village in Daghestan, about 300 km from Chechnya, where the war was still raging at the time.

Swapping between comic whimsy and blunt tragedy, *Prisoner of the Mountains* amounts to a pessimistic answer statement. And Bodrov claims that the movie, which was popular in Russia, may have changed the course of history. Last May, Russian President Boris Yeltsin received a private screening of it at his dacha. A few days later, says Bodrov, Yeltsin softened his line on Chechnya, and an agreement ending the 18-month war was signed at May 32.

Regardless of whether the movie did influence the peace process, it is a significant film in its own right. The story revolves around the strained relationship between the two imprisoned Russian soldiers—the bumbling Sasha (Oleg Menshikov), a hardened career veteran, and the nervous Vanya (Sergei Bodrov Jr.), a young recruit. Shattered together by chance, they form an odd couple, but a friendship grows out of the bickering, and they also show a fondness for their captors. Vanya develops a shy crush on a young girl (Suzanna Mikhaleva) whose father, the town patriarch, holds the prisoners' lives in his hands—they will be released once the Russians can swap them for his jailed son.

Despite some clumsy splashes of raunch, *Prisoner of the Mountains* adds with its eye-opening veracity of a documentary film against an exotic landscape, the story progresses for vivid interludes of foreshadowing and kick-butt shooting. Shotting on location without running water or sewage, Bodrov re-created much of his cast from locals with no acting experience. At one point, in a bizarre example of life imitating art, the security guards took the film crew hostage after discovering they were being paid less than one of the stars—the 25-year-old Menshikov.

Marveling at the magic of the cameras, Tolstoy once said he would like to write a screen play. How surprised he would be to learn that, 87 years after his death, his fiction has spawned a movie about war and peace with a relevance that echoes the fierce gunfire, through the same Caucasian mountains. □

Books

Paris of the Americas

When Montreal was the capital of cool

CITY UNIQUE: MONTREAL DAYS AND NIGHTS IN THE 1940s & '50s

By William Weintraub
(McGraw-Hill, \$26.95, 352 pages, \$32.95)

On a upon a time, Montreal was—an ideal Canadian agreed—the country's friendliest and most interesting city. In one survey conducted half a century ago, novelist William Weintraub in his fine book *City Unique*, nine of the country's 10 most important business directors lived in Montreal, and only six of the country's top 50 directors lived in Toronto. Even into the 1960s, Weintraub writes, with Toronto the life of largest city had hosted the country's first-ever world's fair and possessed its only major-league baseball team, and distinguished its reputation as the "international Paris of North America." Then, Montreal was a city that Canadians more often chose to leave than enter.

Today, almost all that has changed. Montreal now has an unemployment rate of 12.6 per cent, well above the national average of 10 per cent. Vancouver and Toronto now eclipse Montreal by most measures of wealth and influence, and Calgary now has more hard offices. Never mind all that: what really galls Montrealers, living in the face of all the old clichés, is that much-despised Toronto has rising and better restaurants, and a cultural scene every bit as lively. All of which makes Weintraub's new book all the more bitter-sweet—and relevant. In this long but closely-look book in the city he grew up in, and still calls home, he remembers a wide-open, exuberant metropolis that despite being many years, including great, and quite often succeeded.

Part of the attraction of the city is those decades. Weintraub recalls, was that it offered all things to all people. The wealthy could buy sex at the city's most up-scale barbershop on Maitland Street, near McGill University, the less well-off, Weintraub writes, enjoyed a "shady, budget-priced laundromat" on east-side De Bullion Street. At the city's nightclubs, by general agreement among the florid in North Amer-



ANGELIQUE ANDREE (60 ST. CATHARINE) WITH ANDREE BOUDREAU

ica, patrons could gamble, dance to the music of the leading Swing Bands, or relax at accomodating a young Oscar Peterson, Edith Piaf, Dean Martin, and Jerry Lewis, and Sammy Davis Jr. Many of them played the famed El Morocco. "The El," wrote Al Palmer, nightclub critic of *The Montreal Herald*, had "the prettiest chorus girls, the funniest comics, the thickest smaks and the strongest drink."

On the business and social front, Britain's influence was still pervasive, the Anglo-Scottish elite and WASP wanna-be met weekly at the same Anglican churches and London-style private clubs, sent their chil-

dren to the same private schools, and planned all year for the social event of the season, the St. Andrew's Ball. Francophones, taken they had business interests and thusly minded the English, responded them: A typical family, Weintraub notes, might spend a Sunday evening at dinner perusing "why the English were called *the empire* or *square heads*." (One polite answer was the Anglo-Saxons still had a unique bone structure.) All that is effectively chronicled through research including more than 80 interviews and ample use of newspaper archives.

Weintraub was a member of what he calls "the first solitaires" the sons and daughters of immigrants to Canada who were often Jewish and spoke French and English easily, fluently. They usually married right away, dissolved by birth French and English. In the thin blue line the sound St. Lawrence Boulevard that has always divided the two language groups. That experience allows Weintraub to approach both groups with equal sympathy, although relatively little major anti-Semitism was rampant on both sides. McGill University had quotas on the number of Jews it would admit, while Abbé Lionel Groulx, who, apparently, still has a power and sway over many senior citizens, never then, certainly proscribed anti-Semitic messages of nationalism. On this, the French and English agree. McGill signs in the resort town of Ste-Agathe, an hour from Montreal, and with early that "Jews are not welcome." But the difference, as Weintraub writes with restraint, was that on the English side, anti-Semitism "locked both the French and the invincibility of the French-Canadian breed."

In much of Weintraub's writing for both books and film in the last two decades—such as his 1979 novel *The Underdog*, he has suffered the worst excesses of Quebec nationalism. But in this book, he steers clear of political rhetoric and lets the story of Montreal stand on its own. That is well enough, has already been written, and recounted, about the excesses of the city's decline. And its present appearance—with the boarded-up or abandoned buildings and empty lots in the downtown core alongside elegant, but aged, shabby buildings—is the most striking evidence of its fall from grace.

For long time, Montreal was the biggest, boldest, baddest, most beguiling and most place to be. Now the city's charm has slowed, while the rest of the country has found a more upbeat rhythm. With the end of the decade approaching, the predictable, earnest debate has begun over Sir Wilfrid Laurier's assertion that the 20th century would belong to Canada. But as Weintraub so eloquently demonstrates, the country's party of the century has already taken place, decades ago, in Montreal.

ANTHONY WILSON-SMITH

Allan Fotheringham



Laughing at the twits we elect to lead us

There's a strange thing going on in this strange country. The dim bulb known as Art Eggleton, who resigned as mayor of Toronto—the Big Lemon—for 17 years without making a single improvement, has now in Ottawa thrown up his hands in surrender.

Supposedly a wise cabinet minister in the Chrétien government, he has admitted that his government has been trying hard, to tell the truth, there has never been any protection under NAFTA for our "cultural" artifacts—magazines, books, movies, radio and TV.

The jester that yet another Liberal minister admits that his government has in small beer. We expect that like the sunrise, like the understanding that there will usually be a little pain at 5 pm. No big deal.

What is apparent is that Canadians, as a whole, accept such baldness and gaffing. We are a self-deprecating nation, knowing that the twits we elect have found in their mouths, eager to reveal any gaffe until the moment they have to admit they, u, weren't telling the truth.

The way we get around this is in adulating we are Canadians. Let's look at our favorite broadsheet news shows this to be true. *The Royal Canadian Air Force and The River Inn 22 Minutes*—and *Beau's Bizarre* on radio—have ratings that put our broadcasting world to shame.

What is best, of course, is that all the shafts at government and their stupid policies are contained on a government-referenced broadcasting system. It's a fine Canadian tradition—handed down from the Brits.

The BBC has done more to undermine the British Establishment than any fledgling opposition politician has ever been able to do. *The Good Show* with Spike Milligan and all his esoterics, began a cult following that included even Prince Charles the cruelest of all.

Following in their footprints came *Beyond the Fringe*, the mayhem Oedipus quartet including Dudley Moore and Peter Bennett, that paraded their rude and crude skills as an offshoot of the Edinburgh Festival. The result? A sensation that ran in London and Manhattan for years, producing recordings that still sell best-sellers at midnight over too much wine.



The natural progression of this culture was to the *Monty Python* crowd, led by John Cleese and his Self-Walking Twits and on to the TV series of *Fawlty Towers* and then this with *A Fish Called Wanda*—now trying to be reprinted in *Ferry Crosses*.

What we are trying to get around to here, admittedly belatedly, is the difference between wit and banter. Wit is directed toward others. Banter is something directed toward oneself.

The great Irish wits—Oscar Wilde, George Bernard Shaw, even Brendan Behan—always had their savage lines directed outward at others, principally at the hypothetical Brits. The English, on the other hand—from Wildehouse to Noel Coward—have been to make fun of English men themselves.

Peter Trudeau had wit—lovely wit, age stuff. But Robert Stanfield had humor, self-deprecating stuff that the public never saw. In the annual Parliamentary Press Gallery off-the-record black-tie banquet, Stanfield wiped out Trudeau with his deadpan *Buster Keaton* routine. Trudeau could never really understand the insider jokes written for him—usually by Larry Zoll—and most always screwed up the punch lines.

(Golf, in a bad suit in the back ground, his head in his hands, would scream in frustration. The difference between wit and banter.)

We can see it—while the goofy Eggleton can never see it—the old difference between the hours when Canadians and Americans satre were seen on the book table. American satre of their politicians is relegated to the author regions of the nation when most sensible folks have collapsed to sleep or sex.

Letterman and Leno do not get on the air on their networks until just before midnight. In contrast, the satires shown that savage our eminently sensible gods are in prime time in Canada, supposedly the Sky Capital of the World.

The BBC, financed by the taxpayer, has giggle'd the nation with *Yes, Minister*, a devastating profile of what really goes on in government. It runs a rubber-neck comedy of Charles and the Queen and *Super-Trot*. Phat has in some other jurisdictions would put these responsible in the clink. It's so good that Moscow TV, of all places, is now doing the same thing, subjecting Yeltsin and others to the same deadly treatment.

This is the strange thing about this strange country. Because it believes in a nation dominated by an elephant, it has decided to laugh at itself. Americans are a funny sort. They don't stand great golfsways at themselves—as long as they are directed by fellow Americans. Jack Benny, whose name was of course not Jack Benny, could be funny about Americans. So could Bob Hope, who was born in England. Charlie Chaplin a London Cockney Jew who was banished from America as a supposed Communist, endorsed it all.

Chaplin and Benny would understand. Canadians, as the mouse underneath the elephant, understood the only solution is to laugh

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